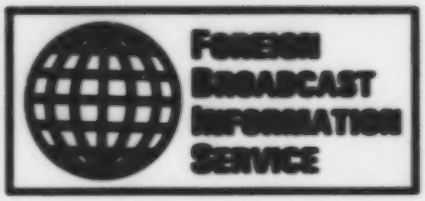

Daily Report

Latin America

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FBIS-LAT-94-005 *7 January 1994*

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Cuba

Ambassador to Mexico Denies EZLN Links

FL0701013594 Havana Radio Rebelde Network in Spanish 0004 GMT 7 Jan 94

[Text] Cuban Ambassador to Mexico Jose Fernandez de Cossio Rodriguez has said that a strong, stable, and prosperous Mexico is important for the Cuban people. Fernandez de Cossio made this statement to the Mexican press when asked about the situation in Chiapas State. PRENSA LATINA reported that the Cuban diplomat in Mexico said that the Chiapas State incident is strictly a domestic matter and that the Cuban Government supports all efforts being made to find a peaceful solution to the problem. Regarding specific charges aimed at linking Cuba with the so-called Zapatist Army of National Liberation [EZLN], Fernandez de Cossio said that they are groundless. The ambassador said that those making these charges only want to cast a shadow on the relations between Mexico and Cuba, adding that, for the longest time, these relations have been based on the principle of non-intervention.

Robaina Outlines 1994 Foreign Policy Plan

PA0601203094 Havana Radio Havana Cuba in Spanish 0100 GMT 5 Jan 94

[Barbara Bethancourt report on interview with Foreign Minister Roberto Robaina by unidentified reporter; place and date not given; from the "Evening Information Review" newscast—recorded]

[Text] A year in which Cuban foreign policy gained new opportunities has been left behind. The reestablishment of relations with Colombia, a tour through the Caribbean, and participation in important international meetings were some of the Cuban Foreign Ministry's activities in the year that has just concluded and which characterizes the work that will be maintained in the new year. As a matter of fact, Cuban Foreign Minister Roberto Robaina will soon begin a tour of the African nations.

[Robaina] At the invitation of several Foreign Ministries, I will visit five African countries in early January.

[Reporter] Which countries?

[Robaina] I will visit Angola, Mozambique, Namibia, Ghana, and [name indistinct] [end recording]

Robaina did not rule out a visit to Spain and to other European countries this year.

[Robaina] We have another invitation, but I do not know if I will be able to attend in early January. I believe that at the invitation of Spain, I will visit that country and other European countries that [words indistinct].

[Reporter] Are you going to [words indistinct]?

[Robaina] Well, I believe there are also possibilities for a visit there, but right now I think the invitation made by the president of our parliament is much more important. I do not think I will have time to visit other places until I complete my visits in Africa and Latin America. Besides, we need many things here, and I have not seen you for a long time because I have been abroad. I want to be here to share with you what I am doing here and abroad.

[Reporter] Will you go on your Latin American tour during the first six months of 1994?

[Robaina] Yes, the Foreign Ministry has much work to do in the first six months of 1994. Please keep in mind that it is not just the minister who has to work hard when there is a lot of work at the Foreign Ministry. The vice ministers are working in their respective areas. We must continue working on what we started in the Caribbean and do it with the same enthusiasm in Latin America.

For many reasons with which you are familiar, we will work on Africa and Europe in the first six months. We cannot do more in that time because as you know, we have two very important events. One is the creation of the Association of Caribbean States [Asociacion de Estados Caribenos], and the other is the Latin American Summit to be held in Cartagena in June. This will give us plenty of work during the first six months of the year.

A conference on immigration and the Cuban situation will also be held during the first six months of 1994 in Havana. This is a continuation of the dialogue between the Cubans of the island and those residing in other countries. Since this meeting is being questioned by some anti-Cuban organizations, we asked Robaina for his opinion.

[Robaina] It surprises me how some people are talking about an invitation that was never made to them. That really surprises me. In other words, I would like to know who says those people were invited to the meeting. I hear them saying that they accept the invitation and are preparing documents. They even talk about a vague proposal by the Cuban foreign minister. They say that the true and only dialogue was the one made by (?Platform) I don't know how many years ago. Apparently the people saying these things have very little else to do.

I feel that the rules of the game for the conference to be held in Cuba during the first months of next year are very clear and have not changed. They are based on absolute respect, mutual understanding, and sharing our (?project). The agenda will cover immigration and family issues, which is what concerns us. Anyone who tries to impose a political agenda on us is wasting his time.

I do not think I have to answer for any document because—honestly—that document has nothing to do with anything I have proposed. Inasmuch as it has nothing to do with anything I have proposed, it is as if

did not exist. I think there are many other things to talk about; for example, how people speak of an invitation that has never been made.

[Reporter] Has [words indistinct] been invited?

[Robaina] No, we have not invited Gutierrez (Menoya) or any other person in particular. We are preparing the agenda today. Once the agenda has been prepared, we must evaluate a list of participants that will be in line with many (?concepts). If anyone wants to impose such conditions on an agenda of a meeting to which he has not been invited....[pauses] When one gets (?married), plans a party, or gives a speech, one establishes an agenda. Anyone who is interested in something other than what is on that agenda is evidently at the wrong party or meeting. At this time there is no possibility that we will talk about any person in particular.

I repeat: We are preparing an agenda in which we have many contacts with representatives of this Cuban community, and we know what things mutually concern us. I think that requires many things. If we want a dialogue and we have a meeting or conference of [words indistinct] so we will have something more than just a meeting, we must create an atmosphere that will allow us to identify, among Cubans, the main issues that concern us. Anyone from abroad who wants to pressure us is obviously wrong.

[Reporter] Do you think the internal dissidents will be able to participate in this meeting?

[Robaina] I think those who claim to be internal dissidents do not have immigration problems. In this meeting, we are going to discuss the problems with the Cubans who are abroad. They very much like being abroad, and that involves something else. With that community we are going to discuss other groups of issues that have to do with immigration and other topics related to that community, not only the portion of it that is in the United States. There is a very large community in Mexico, Venezuela, the Caribbean, [words indistinct]. There are 65 Cubans in Jordan.

Can you imagine that? I believe the community in the United States is important, but the people who are in the Caribbean and Africa are most important. Most of them married students who were training in Cuba and now live abroad, but they want to maintain links with the country. We are referring to the normal communications of a country with its community abroad. We want to do this as much as possible, and that does not mean only those in the United States.

If you asked me, I will tell you I have just ordered very serious and complex discussions with representatives of that Cuban community in (?Mexico) and other countries in the Caribbean. They are highly insulted because they say we give all the exceptions and possibilities to those who are in the United States and not to those in other countries. So you can very well imagine that working with the Cuban community abroad is most complex. [end recording]

Chernobyl Children Arrive for Care

FL0601195694 Havana Radio Rebelde Network in Spanish 1800 GMT 6 Jan 94

[Text] One hundred forty children from Chernobyl arrived at Jose Marti International Airport today as part of the program of integrated care offered by our country. Over 13,000 Ukrainians, Russians, and Belarusians have been cared for over the past three years by the medical-recreational services in Tarara, east of the capital, where there is a joint facility, including a 200-student primary school, for diabetic and asthmatic children.

Alarcon Meets With French Solidarity Group

FL0701022694 Havana Radio Rebelde Network in Spanish 0000 GMT 7 Jan 94

[Report by Ilea Sardinas; recorded passages enclosed in quotation marks]

[Text] During a meeting with the members of the France-Cuba Solidarity Airlift, Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP], expressed Cuba's appreciation for their important donation to the country. Alarcon said this donation expresses the French people's constant friendship and solidarity for the Cuban people. [Alarcon] "In this solidarity we see an expression of the friendship and support we are receiving from the French people and workers. You have come to a country that is currently facing very complex and difficult times. I hope you have had an opportunity to see, first hand, something of what we are experiencing."

The ANPP president also talked about the efforts made by the Cuban people during 1993, the most difficult year since the triumph of the Revolution, and the steps being taken to overcome the crisis.

[Alarcon] "We are currently studying measures to be adopted to improve our internal finances. These measures will also help us confront a changing international situation, one that is quite different from the situation that prevailed throughout the past 30 years."

Alarcon also said that we are facing a situation similar to the one confronted by practically all the countries of the Third World and that a solution, based on our possibilities and goals, must be sought.

[Alarcon] "This is why we have said that we are attempting to find solutions through socialism, and for socialism." [end recording]

Alarcon met with the France - Cuba Solidarity Airlift at the Cuban Institute of Friendship with Peoples.

Lazo Discusses Santiago de Cuba Work Objectives

FL0601223594 Havana Radio Rebelde Network in Spanish 1800 GMT 6 Jan 94

[Text] Journalist Carlos Sanabria Marrero has informed the National Radio Newscast that Esteban Lazo Hernandez, first secretary of the Communist Party of Cuba in Santiago de Cuba, has held a news conference during which he talked about the main work objectives for 1994 in Santiago de Cuba Province.

[Begin Lazo recording] We are going to begin work at the refinery, which will take some time. It is going to be working in 1994. We are going to work out an agreement with the textile plant. We also are going to work hard at the El Cobre mine. There are sufficient resources in (Retome) to work this year, with the exception of (?trucks). Practically all the SIME [Ministry of the Steel-working Industry] enterprises are going to be able to work at full capacity on producing bicycles and other things. Practically all the Basic Industries plants are going to be working. Light Industry will have certain limitations. Practically all the Food Industry factories will be working. Thus, 1994 is a year for working. And I reiterate: It will be a hard year, a difficult year, but a year that, given the experiences of 1993, can be better, if we all work, if we all struggle. [end recording]

Antonio Maceo Plant Increases Production

FL0601231194 Havana Radio Reloj Network in Spanish 2042 GMT 6 Jan 94

[Text] The Antonio Maceo Thermoelectric Plant in Santiago de Cuba yesterday produced 250 megawatts per hour. This represents the highest production figure in the past few years. This record production is proof that the Santiago de Cuba thermoelectric plant can produce more than it has in the past. In 1993 there were times when the plant only produced 30 megawatts per hour. The success of the plant is due to the workers efforts and maintenance work on several of the units. The quality and speed of the work earned the workers the outstanding workers banner. The Antonio Maceo Thermoelectric Plant has six electricity-producing units. At this time, maintenance work is being done on Unit No. 4. According to the schedule, this maintenance will be completed in May 1994.

Reporter Views Problems With Peddlers in Havana

FL0701030094 Havana Radio Rebelde Network in Spanish 0000 GMT 7 Jan 94

[Report by Diosdado Maso]

[Text] I have just returned from San Rafael Boulevard in Havana. I went there because a comrade who was in Angola with me told me that the boulevard in Havana was worse than the Angolan alleyways (candongas). I felt insulted. I had an exchange of words with him, harsh words, but I do have to admit that he was right.

At the boulevard in Havana, I found a mixture of the legal and the irritably illegal. On the boulevard there are dozens of persons who have been authorized and have permits, as established in Decree No. 141 that allows self-employment, to sell the products they make with their own two hands. But the people who visit the boulevard are attacked, to use a word, by a dirty band of peddlers, unscrupulous people who have nothing to do with the measure adopted by the Revolution. What is worse, they seem to be acting without a worry of punishment in their minds and filling their pockets with illegally earned money. No one seems to want to stop these people.

Decree No. 141 that allows self-employment was discussed at length during the last session of the National Assembly of the People's Government. The discussions made it clear that this measure adopted by the Revolution needs to be controlled and supervised. The absence of control and supervision lets unscrupulous people, enemies of honest work, to mix with those authorized by Decree No. 141 to peddle their goods. The San Rafael Boulevard in Havana is possibly the worst example for the country.

I will repeat that there are dozens of people on the boulevard who have permits to sell the products they make. But for every one of these people, there are five who, without permits, sell bread and cheese or ham, hot pizza, and candy, which is not homemade and which they sell for 20 pesos. This kind of candy is sold at stores and their brand, shape, and size of the candy makes us believe that they were all taken out of the same container or box. They, of course, are selling this at an astronomical price. If you want to buy a pair of pants you are charged 1,500 pesos. A chocolate bar costs you 20 pesos, and so forth.

There is something else, something that make a real revolutionary stop and think. These people are old enough to work or young enough to be in school. I can truly tell you that my visit to the San Rafael Boulevard was an eye opener. There are some there who are authorized to sell on the boulevard, but who are also violating the law. Why? Well, their permit says that they are authorized to sell ceramics, but they are also selling plastic, aluminum and other products. It is not possible for one person to make all those articles. They have their stands there and nothing happens.

Now, regarding food, except for the peanut candy and the paper cones filled with 10 peanuts being sold at two pesos, the rest of the so-called fast foods established in Decree 141 are not being respected. Furthermore, if you are to look over Havana, you will see that many people are violating Decree 141. If you visit the diplomatic store in Miramar, you will see that right outside the fence the people are selling the products they bought earlier inside. The taxis are charging whatever they want and are also

accepting dollars. We have been told in the past that we should not compare between what is happening in Havana and other areas of the country; however, I believe that it would be worthwhile to see if the decree is being respected in other provinces. Holguin comes to mind. I believe this would be the best comparison.

During the last ANPP session, it was agreed to appoint a group of inspectors to ensure that Decree 141 was being respected. I believe this will have to be done as soon as possible. It is very important that this be done. The people agree with self-employment but they are upset when we do not do something to perfect the law. For example, the people cannot understand how come a policeman enforces the law sometimes, and overlooks problems at other times. While on the boulevard I talked to a policeman. He told me that he felt that what was happening at the boulevard was wrong but that he worked for Havana Vieja Municipality and that in his municipality the people could not do what was being done on San Rafael Boulevard. When I asked him who was responsible, he told me that Zapata and Dragones Unit was responsible. But I found no policeman from the Zapata and Dragones Unit there.

I also believe the people's councils could do something about this. I repeat, the people approve of the self-employment measure because it contributes to solving some of our current problems; however, they want it to be a good measure. Our own Commander in Chief Fidel Castro said it at the ANPP session. It is a good and useful measure. Self-employment solves a problem today and will continue to solve problems in the future. I do believe it is worthwhile that every municipality or administrative council, in this case, the Havana Municipality, act immediately to solve this problem.

Grenada

Prime Minister Introduces 1994 Budget

FL0601230394 Bridgetown CANA in English 2238 GMT 6 Jan 94

[Report by Richard Simon]

[Text] St. George's, Grenada, 6 Jan, CANA—As was widely expected, personal income tax was reintroduced in Grenada on Thursday when prime minister and minister of finance, Nicholas Brathwaite, presented the government's 1994 budget.

Brathwaite, in a two-hour-long speech to the House of Representatives, also heeded calls from the chief of customs, geoff Thorne, and moved to crack a vibrant contraband trade between Grenada and the sister island, Carriacou.

The measures included steep reductions in port charges on home appliances, audio and video cassette tapes, computer diskettes, wines and spirits, and a big cut in duties on cigars and cigarettes.

"As a result of these changes, the prices of these items will fall significantly," Brathwaite told the House, making clear the measures were intended to fight the contraband trade.

The budget of 278 million dollars (one EC dollar ; 37 cents US) puts recurrent expenditure at 195 million dollars and capital expenditure at 82.7 million dollars.

Total revenue, including grants, was projected 266.5 million dollars, leaving a deficit of 12.5 million dollars to be financed.

The reintroduction of personal income tax, abolished in 1986 and replaced with a value-added tax (VAT), accompanied other tax reform measures.

VAT was downgraded to a consumption tax, and two tier system of company tax was introduced for one year. On profits of 45,000 dollars and lower, a rate of 30 per cent will apply while on profits above 45,000 dollars, the rate will be 35 per cent. From 1995, a single rate of 30 per cent will apply.

Said Brathwaite: "Over the past years, our tax system had become too complicated to administer as a result of improperly drawn and frequently amended legislation, nuisance taxes and the decay of tax administration itself."

The budget brought property tax relief for home owners who from 1985 paid rates of 0.2 per cent of the value of the land and 0.5 per cent of the value of buildings. A single rate of 0.2 per cent now applies on the value of the property.

Under the new system of income tax, the first 10,000 dollars of income will be exempt. There is an allowance of 1,000 dollars for spouses and 1,500 dollars per child up to three children.

Income tax is seen by the government as a gradual replacement for a two year old national debt service levy, which will come to an end on March 31, 1995.

Reviewing the performance of the government's finances, Brathwaite reported a current account surplus of 17 million dollars, the first in five years. It was arrived at using methods employed by the International Monetary Fund and other international lending agencies.

The largest chunk of the 1994 budget went to the Ministry of Communications and Works, reflecting the emphasis the government is giving to improving the infrastructure over the coming year.

Haiti

Picault: Aristide Conference Initiative 'Demagogy'

FL0601171594 Port-au-Prince Signal FM Radio in French 1130 GMT 6 Jan 93

[Text] National Front for Change and Democracy Deputy Evans Picault labels President Aristide's initiative to convene a conference on the refugees' problems

demagogy. This is the wrong approach, the elected representative of Saint-Marc claims. Deputy Picault explains that "Operation Iron Cuts Iron" [Operasyon Fe Koupe Fe], launched by the president of the Republic [in his message to the people on the Voice of America on 1 January], will only exacerbate passions.

[Begin Picault recording, in Creole] Given the approach President Aristide has taken in saying that the conference should be held in Miami, in speaking of an international conference, with all due respect for him as president I can say I think the route he has taken is a demagogic one. I think the way he has taken is a demagogic way. President Aristide wants to play a stalling game just as the international community is doing, because he knows very well that it does not want to take any real measures to bring him back. I cannot support such an initiative because it offers no solution to the country's crisis.

Secondly: President Aristide said in a speech, "Iron cuts iron." I think these are gratuitous, rash statements and that when he makes such statements, he just gets on people's nerves, driving those who are supposed to carry heavy weapons to commit even more repression against the people who are supposed to side with him. [end recording]

Joseph on U.S. Envoy's Talk With Senate

FL0601180794 Port-au-Prince Signal FM Radio in French 1130 GMT 6 Jan 93

[Excerpts] U.S. Ambassador to Haiti William L. Swing discussed the national crisis with members of the Senate. The ambassador reaffirmed his support of the Governors Island agreement and the willingness of the U.S. Government to work toward the restoration of democracy in Haiti. Daly Valet reports:

[Begin recording, in Creole] [Valet] The meeting of the U.S. ambassador and the Office of the Senate of the Republic focused on the political crisis the country has experiencied since 30 September 1991. During this meeting, the U.S. diplomat reaffirmed the Clinton administration's support for the Governors Island agreement, an agreement which still remains—willy-nilly—the sole valid framework for resolution of the political crisis, according to the U.S. ambassador.

Senate Vice President Serge Joseph, who participated in this meeting, says he is very satisfied with the fact that the U.S. ambassador gave formal guarantees that the Clinton administration will continue working toward the return of democracy to Haiti.

[Joseph] The ambassador and political [word indistinct] who were with him, as well as we, the members of the Office, are satistified, satisfied [repeats] in the sense that, according to the ambassador, the Governors Island agreement is valid until something that can replace the agreement can be found. But he has formally declared that as long as there is nothing to replace the Governors Island agreement, his government will stick to the agreement.

[Valet] During a news conference after the meeting with the U.S. ambassador, Senator Serge Joseph, just back from the United States, gave an explanation about the retirement letter President Aristide sent to General Cedras. Sen. Joseph explained that it was not a letter of dismissal but of retirement, as requested of the president by Gen. Cedras in a letter dated 14 October 1993. [passage omitted]

A source close to President Aristide in the Haitian Embassy in Washington offered the same explanation as Sen. Joseph. In a telephone conversation, he told us that it was never a question of dismissing Gen. Cedras. According to our source, President Aristide was simply replying to Gen. Cedras, who had written him on 14 October to request early retirement. [end recording]

Doctors To Return to Work

FL0601223794 Bridgetown CANA in English 1956 GMT 6 Jan 94

[Excerpt] Kingston, Jamaica, 6 Jan, CANA—Jamaica's junior doctors who went on strike late Wednesday are to return to work, effective immediately. The doctors have agreed to end their strike following further assurances from government that anomalies between doctors and other public health sector workers will be dealt with. [passage omitted]

Chiapas Crisis

Armed Forces Launch Mortar Attack on Rebels

PA0601154394 Hamburg DPA in Spanish 1449 GMT 6 Jan 94

[Text] San Cristobal de las Casas (Mexico), 6 Jan (DPA)—The Mexican Armed Forces today attacked with mortars rebel positions in the mountains which surround the city of San Cristobal de las Casas, in southern Chiapas State.

The Mexican Army's attack was launched from the region of Maria Auxiliadora hill, approximately 8 km southeast of San Cristobal de las Casas, where clashes between the Armed Forces and rebels of the Zapatista National Liberation Army (EZLN) have concentrated.

The new military operation in the zone, which began shortly after 0700 local (1300 GMT), was confirmed by residents to Mexican and foreign journalists who traveled to the area despite the defense ministry's recommendations to the media yesterday—to abstain from entering the combat zone, for security reasons.

Six Mexican journalists were almost killed yesterday when machinegun fire from Mexican Air Force aircraft hit near the station wagon in which they traveled toward Maria Auxiliadora hill.

There is still no information if the Army's bombardments and machinegun fire in the region have resulted in casualties. However, San Cristobal de las Casas Bishop Samuel Ruiz said he had received information about the disappearance of various Indians who live in the zone.

Clashes in the mountain zone south of San Cristobal de las Casas began on Tuesday, when fighter airplanes launched the first attack on Maria Auxiliadora hill to evict groups of rebels that withdrew to the mountain after leaving various towns they seized on Saturday.

Army Arrests Labor, Peasant Leaders

PA0601164994 Paris AFP in Spanish 1502 GMT 6 Jan 94

[Text] Mexico City, 6 Jan (AFP)—Five leaders of the Independent Workers and Peasants Central were arrested by the Army while en route to a meeting with Social Development Secretary Carlos Rojas, it was reported to the media by that organization.

The event occurred on Wednesday morning when the peasant leaders were taken away in a military Jeep in Chiapas State, where a guerrilla uprising against the government has been under way for six days.

Jorge Luna, Central's spokesman, deplored the fact that the minister failed to establish guarantees for the dialogue he summoned, adding that the "government has lost control over the Army," which is "deciding what should be done in the area involved in the conflict."

Luna issued an appeal to prevent a massacre of peasants and Indians and held the government responsible for the "tragedy that afflicts our state and our comrades' safety.

Moreover, 11 organizations that make up the Permanent Agrarian Congress condemned the arrests and sent a document to Mexican President Carlos Salinas demanding a political rather than a military solution to the conflict and urging the rebels to put down their weapons.

According to the Congress, the ownership of land in Chiapas represents an essential factor for peace and social justice.

EZLN Accuses Army of Executing Prisoners

PA0601173194 Paris AFP in Spanish 1447 GMT 6 Jan 94

[Text] Mexico City, 6 Jan (AFP)—The Zapatista National Liberation Army (EZLN) has accused the Mexican Army of taking prisoners, torturing them, then executing them with a shot to the head, according to a communique sent to the daily LA JORNADA and published today.

The communique, signed by the Mexico City Urban Front of the EZLN, stated that "we are struggling against the violence of poverty and hunger, against the violence of the electoral farce and unemployment, and against the disease of the poor. We are fighting for socialism."

The communique added that "we are considered outlaws because we are doing this," but one "cannot consider it legal when our demands for a better future are massacred with bombs. We also have a right to speak, but unfortunately the government only understands the language of weapons."

After making its accusations against the Army, the EZLN urged the Mexican soldiers not to kill innocent people. "If you have any courage, you must admit that you can no longer tolerate the look of hunger on the faces of our children. If you commit murder, we will be implacable. Refuse to kill honest Mexicans," the communique stated.

The rebels said they will not carry out any attacks in Mexico City, then asked: "Have you not yet seen that economic liberalism has failed? Do you not yet understand that other brotherly peoples of the hemisphere will follow us?"

The EZLN also sent a public message to Guatemalan Indian leader Rigoberta Menchu, winner of the 1992 Nobel Peace Prize, indicating that it is aware of the problems afflicting the Guatemalan refugees in Mexico and that "perhaps now the Mexican state will no longer be interested in keeping up the facade of protecting refugees in its efforts to implement its repressive policy in the fields of Chiapas and throughout Mexico."

The communique added: "Do not be surprised if the government withdraws its support from the refugees, begins to repress them, and accuses them of participating in our struggle. That irresponsible rumor is already circulating among the authorities, who are always ready to seek obscure and disguised enemies where there is only one answer to hunger and oppression."

The Mexican Government had circulated the rumor that there were Central Americans among the rebels. On Wednesday the National Defense Secretariat announced that one Guatemalan had been arrested, and Deputy Government Secretary Socorro Diaz read a communique stating that the guerrillas are directed by "foreign and national" experts.

The EZLN reiterated that it bases its uprising on the Constitution and advised Rigoberta Menchu "to consider our struggle as nothing but a desire to rid ourselves of 500 years of poverty and oppression."

Strict Security Measures for Cleanup Operation

PA0601200594 Paris AFP in Spanish 1859 GMT 6 Jan 94

[Report by special AFP envoy Cristobal Kohn]

[Text] San Cristobal de las Casas, Mexico, 6 Jan (AFP)—The Mexican Federal Army continued on Thursday its cleanup operations in Chiapas State (southern Mexico) in pursuit of the guerrilla forces which have apparently dispersed in the mountains.

Military sources indicated there were skirmishes in the hills which surround San Cristobal de las Casas, during the sixth day of the insurrection launched by the Zapatista National Liberation Army (EZLN), but all cities seized by the rebels are now under the control of regular forces.

The Mexican Army, which has maintained an almost complete silence on the operations' development, has established roadblocks. On Thursday morning journalists were forbidden from travelling along the road to Ocosingo, north of San Cristobal, where violent clashes have occurred.

The media was able to ascertain that airplanes and helicopters continue to fly over the zone and have bombarded the vicinity of San Cristobal at least once on Thursday morning.

New military reinforcements, particularly light tanks, arrived on Thursday in San Cristobal (80,000 inhabitants), the second largest city in Chiapas State which was seized by the EZLN for more than 24 hours.

According to a communique from the municipality, the city has returned to normalcy and fuel and food supplies have been restored.

Local radio stations continue to broadcast messages from people who seek news about their relatives or who on the other hand only have this means of notifying their relatives that they are all right.

Some people, particularly in the Indian communities, are afraid the Army will conduct exactions [exacciones].

"The Indians are afraid the military will not be able to tell the difference between them and the guerrillas," said Father Jesus Villalobos, who harbored 10 Indians from the Tzeltal ethnic group in his convent.

Carmela Hernandez, one of the refugees, explained the Army bombarded her village, San Antonio, on Tuesday, when the guerrilla forces had already withdrawn.

"A bomb fell 70 meters from my house, and I fled with my six children," she said.

Her husband remained in the village so no one would steal their animals.

Jorge Madrazo, chairman of the National Human Rights Commission (CNDH), arrived at San Cristobal on Wednesday and said the CNDH would increase its presence and investigate all reports "regardless of origin."

"Summary executions, disappearances, illegal arrests, and any other human rights violation are unacceptable," Madrazo added in a news conference.

Army Continues Pursuing Rebels in Chiapas

PA0601234894 Mexico City NOTIMEX in Spanish 2201 GMT 6 Jan 94

[Text] San Cristobal de las Casas, 6 Jan (NOTIMEX)—Today in Chiapas State, the Mexican Army continued to pursue the armed groups which, during their retreat, launched a propaganda campaign. Meanwhile, the government provided food and supplies to the adversely affected population. The people who have been adversely affected by the violence in central-northern Chiapas over the past six days have begun to receive food, clothing, and water in the wake of the destruction of the infrastructure in the area, official sources said.

The government had announced that starting Thursday it would begin distributing those goods that are in low supply in the stores in the area of Los Altos de Chiapas—the area from which the rebels emerged last Saturday. Just as in other towns, residents of San Cristobal de las Casas, located some 800 km southeast of Mexico City, are carrying out their daily chores under the protection of a large military contingent, according to eyewitnesses.

The Army is pursuing the armed groups, which began retreating to the mountains following the operations carried out by military forces, which have received air support in the place known as El Corralito, more than 4 km south of San Cristobal. The operations are limited to the mountainous region of Los Altos, where the takeover

of towns and clashes with the Army have officially led to 100 deaths, 34 arrests, and an undetermined number of people wounded.

The armed groups of the so-called EZLN [Zapatista National Liberation Army] today launched a propaganda campaign with fliers handed out to the press, in which they claim a "right to speak," although they have rejected the government's proposal for a dialogue. The government requested on Wednesday an end to the attacks, the surrender of weapons, a return of hostages and those kidnapped, and the identification of the leaders of the armed groups as prerequisites for establishing a dialogue.

In their campaign, the armed groups assert that they are fighting to end the "violence of poverty," as well as in support of the lower classes and socialism, even though their leaders asserted in the beginning that "we are not communists or socialists."

The government reported on Wednesday that one of the 34 rebels captured was the Guatemalan national Jesus Sanchez Galicia, who admitted he participated with the armed groups and that he received military training in Guatemala. The Mexican authorities are ruling out the possibility of the "organized" participation of the guerrilla Guatemalan National Revolutionary Unity, although they consider it possible that there has been personal participation of foreigners, especially from Guatemala and El Salvador.

EZLN Seizes Tenejapa, Fighting in Other Towns

PA0701011394 Madrid EFE in Spanish 2250 GMT 6 Jan 94

[Excerpt] Mexico City, 6 Jan (EFE)—The Zapatista National Liberation Army (EZLN) today seized Tenejapa, approximately 40 km from the city of San Cristobal de las Casas. Meanwhile, fighting continues in the nearby towns of El Corralito, San Isidro, El Ocotal, San Antonio de las Bajos, Corazon de Maria, and Ocosingo.

Early this morning, the Armed Forces bombed towns near San Cristobal de las Casas, forcing many people who live in the mountains to flee to the archeological area of Palenque or take refuge in the city.

The rebels today sent a letter to Rigoberta Menchu, winner of the 1992 Nobel Peace Prize, warning her that the Mexican Government might accuse the Guatemalan refugees living in southeastern Mexico of being members of the rebel groups. The rebels indicated in the document that the government accepted the refugees 10 years ago "to give the world an image of humanitarianism and political opening."

Nevertheless, they added, that image "is not carried over in its relations with our own poor and exploited people, who suffer the same policies of genocide and ostracism that are practiced against Indian peoples in several Latin American nations."

From the beginning of the conflict, Menchu expressed her concern about the possible repression of the rebels and the conflict's repercussions on the Indian and popular organizations of Chiapas. She was especially concerned that the return of the Guatemalan refugees, which was scheduled to begin now, might be hindered.

In this regard, the rebels indicated in the letter that "no one knows better than us about their poverty and their desire for a decent life, which is denied in their own country, and we will not be the ones to prevent or use force against our brothers' return to their places of origin."

Meanwhile, the Mexican Army today increased its military movement in the mountainous areas of Chiapas and is preparing for new clashes with the rebels, who refuse to lay down their weapons and are recruiting more peasants to their ranks.

The conflict zone has been under siege by thousands of soldiers who are guarding all roads, with dozens of tanks, helicopters, and airplanes that are overflying the area to prevent a new offensive by rebel forces.

So far, the armed conflict in Chiapas has left, according to military figures, 96 dead. Unofficially, the number of deaths is estimated at 250, including soldiers, rebels, and civilians, and the number of wounded is estimated at 1,000.

With the intensification of the military offensive, hundreds of Indians and peasants are becoming the victim of thefts, and many have abandoned their homes and are fleeing to nearby towns in search of refuge. The Mexican Catholic Church has expressed its concern over the human rights violations that have been committed in the strife-torn area and has urged the government not to put down the violence with more violence.

Jorge Madrazo, chairman of the National Human Rights Commission, traveled to Chiapas to investigate charges about violations of the civilian population's constitutional rights, as well as excesses and arbitrary actions by the Army in its attempts to capture the rebels. [passage omitted]

Fighting in Ocosingo; 'Tense Calm' in Other Towns

PA0701012194 Mexico City Radio ACIR Network in Spanish 0030 GMT 7 Jan 94

[From the "Vector 21" newscast]

[Excerpts] The Mexican Army today [6 January] launched a new air assault on some sites in the town of Corralito, where it has been reported that rebels have taken refuge. Shooting continues between Mexican Army troops and snipers of the Zapatist National Liberation Army in Ocosingo. At the same time, a large number of troops was deployed in the area of Guadalupe Tepeyac, where heavy clashes are reported.

Today, the Army established a security cordon around combat zones, preventing both civilians and journalists from entering in an effort to prevent any incidents. This comes precisely because of what occurred yesterday when the Army staged a number of operations and bombings in an area where there were journalists. It is said the journalists were told that they were in the area at their own risk, but they nevertheless remained there. This was explained yesterday by Ramon Mota Sanchez, chairman of the Chamber of Deputies Defense Committee. As a result, it has been decided that journalists will not be permitted to enter combat zones to prevent similar incidents from occurring.

Meanwhile, there is tense calm in Altamirano and other towns affected by the violence. Commercial activities are taking place irregularly and classes are still suspended. [passage omitted]

The latest official figures on the number of victims in the confrontations show that 102 people have been killed, an undetermined number have been wounded, and 34 rebels have been arrested. [passage omitted]

Communique Outlines Casualties in Fighting

PA0701041794 Mexico City NOTIMEX in Spanish 0244 GMT 7 Jan 94

[Text] Mexico City, 6 Jan (NOTIMEX)—The Defense Secretariat reported today that during the five days of clashes between the Army and an armed group in southeast Mexico, 46 suspects have been arrested and 100 people have died.

A communique from the Mexican military organization revealed today, Thursday, that, up until this date, 61 rebels, eight soldiers, 22 policemen, and five civilians have been killed.

The document reported that, during operations carried out by the Army in Ocosingo, 71 heavy caliber weapons were confiscated. Of these, 19 are AR-15 assault rifles, 15 are 38-mm grenade-launcher shotguns [as received], and the remainder are AK-47 assault rifles and 9-mm submachine guns.

According to the communique, clashes are continuing mainly in the Rancho Nuevo area at the military base in the southern Chiapas State.

EZLN Publication Carries 'Government Program'

PA0601204994 Paris AFP in Spanish 1916 GMT 6 Jan 94

[Text] Mexico City, 6 Jan (AFP)—A government program that includes land distribution, equality toward women, urban [urbana] reforms, and workers improvements was made public today by the Zapatist National Liberation Army (EZLN) in the first edition of this group's publication "EL DESPERTADOR MEXICANO" which was forwarded to AFP offices in Mexico City.

In a 20-page item entitled "Living for the Country or Dying for Freedom," the guerrillas, who have been clashing with the Army in the southern State of Chiapas for the past six days, announced that "we have started the armed struggle" in order to accomplish "jobs, land, housing, food, health, education, independence, liberty, democracy, justice, and peace."

The bulletin also repeats the demands they announced on 1 January when they launched their military activities, and guidelines are relayed "to EZLN leaders and officers." These guidelines include a "war tax bill" which will be levied "on all business establishments and property owners" in the regions where they operate.

The publication describes the regulations that will be implemented in the communities they "liberate" and includes the democratic election of authorities, prices and salary control, release of all prisoners—excluding those charged with murder, rape, and drug trafficking—the protection of abandoned children and senior citizens, and foreign companies will now have to pay their workers the same salary paid in their respective countries of origin.

The two-colored publication displays excellent type quality and carries at its top a photograph of Emiliano Zapata, the revolutionary leader who was one of the leaders who unleashed the 1910 Mexican Revolution. The publication also exhibits the photographs of some Zapatist members during training sessions in jungle regions.

"The people struggling against the oppressor government and the great national and foreign exploiters" will be entitled to bear arms for their defense and by obligation "respond to the call for help made by those authorities democratically elected," the EZLN announces in its publication. The Zapatists also propose that all public officials will be subject to audits aimed at detecting embezzlements, peasants' debts will not be recognized, and private property hoarding and production means [as received] will not be allowed.

The publication establishes the EZLN general headquarters in the Lacandona jungle region where clashes are currently taking place. Lacandona is located in the southern State of Chiapas bordering Guatemala.

Salinas Calls for Justice in Rural Areas

PA0601202194 Mexico City Radio ACIR Network in Spanish 1919 GMT 6 Jan 94

[Report by Elizabeth Diaz Otero from Medellin de Bravo, Veracruz; from the "Vector 21" newscast]

[Text] President Carlos Salinas de Gortari today called for a crusade in favor of justice, peace, and harmony in rural areas because this is what Mexico wants. He confirmed that he will pay more personal attention to

peasants in our country, and he demanded that government officials get out of their offices and into rural areas, thus joining efforts to solve the problems of the agricultural sector.

The president was in Veracruz for the 79th anniversary of the promulgation of the first agrarian law of Mexico. Here in Medellin de Bravo, he awarded 30 land titles to peasants. A total of 6,500 titles will be awarded in the area and nearly 200,000 throughout the entire country. According to the president, these documents declare the land belongs to the peasants according to law. He pointed out that the law provides tranquillity. Let us listen to part of his speech, delivered by the president of the republic at the municipal sports field in Medellin de Bravo, Veracruz.

[Begin Salinas recording] In this manner, we can promote more progress in Mexican fields. Let us work so there will be greater well-being for Mexican peasants. In the presence of the peasants of Veracruz and all the peasants of my fatherland, I ratify today, 6 January, that I will continue being very close to the Mexican peasants. I will continue to work for the peasants of my fatherland. [applause] If I am willing to do this, then government officials will have to get out of their offices and out into the fields, get their boots dirty, and join efforts very close to the Mexican peasants. [end recording]

Six days after President Venustiano Carranza promulgated the 1915 Agrarian Law—the first one in Mexico—the first agrarian committee was created in Medellin de Bravo Municipality in Veracruz State. Today, the leaders of the Permanent Agrarian Congress accompanied the president on the podium prepared for this ceremony. According to President Salinas, this Permanent Agrarian Congress is a pluraiist organization that has met common goals, thus demonstrating how plurality can lead to achieving the superior goal of overall national improvement.

Host Governor Patricio Chirinos Calero emphasized that the people of Veracruz know very well that their greatest asset is the peace, tranquillity, and stability they enjoy based on more and better opportunities for social justice. That is why he seeks to make the fields a true source of justice and well-being for peasant families.

This is President Carlos Salinas de Gortari first domestic tour in 1994. It was conducted amid increased security. There are numbered [word indistinct] for the press, while a large group of military troops are ensuring order in the ceremonies being presided over today by the president.

At this time, the president is in Jalapa Municipality, capital of Veracruz State, where he is awarding land titles. He will personally deliver 21 titles, while 20,928 are simultaneously delivered in Jalapa.

To conclude his visit, the president will preside over a municipal improvement meeting at the government palace in Jalapa. He will return to Mexico City in the afternoon.

Salinas on Crisis; Scores Rebels

PA0601214594 Mexico City XEW Television Network in Spanish 2025 GMT 6 Jan 94

[Statement by Mexican President Carlos Salinas de Gortari concerning events in Chiapas State, made in Veracruz on 6 January; from the "24 Hours" newscast—recorded]

[Text] The violence that has affected a region of the state of Chiapas is being generated by a group divided into two factions, as has been stated before: on one hand, a violent and armed group which is trying to disrupt peace within the communities, public peace, and harm government institutions; on the other hand, there is a group of Indians, several of whom, according to what they have told the media, were forced to arm themselves against their will. This is why we have determined this is not an Indian uprising but, rather, a deliberate action by this violent faction that heads the rebellion.

There has never been a country in which such an action has led to social advancement for those who have less, nor has such an action ever brought about democratic progress. The events in Chiapas sadden all Mexicans, because even after recognizing inequalities, as we have done, for many years Mexicans have worked together for generations to open the way for respect, dialogue, and peace.

In addition, it is not fair to make attempts on anyone's life. They are all Mexicans; they deserve the greatest respect. At the same time, it is disturbing that, by taking advantage of this situation of violence in this region of Chiapas, some are trying to damage the name of Mexico, which has taken so much time and effort to build. Therefore, this is an action that goes against national interests. This armed group is against Mexico. Several Indian and rural communities have rejected these people.

The roads of participation are open to everyone. New avenues may be opened if we persevere in our way of doing things. No one wants a Mexico in which liberties are reduced in an effort to guarantee security. Standing before you, I want to point out the fact that violence does not generate more freedom or democracy but, rather, hatred and political narrow-mindedness.

The Army and the state's security forces are fulfilling their duties in accordance with the law. The government's actions have had two purposes: the first, to protect the lives of the civilian population; and the second, to reestablish normalcy in the region. The actions of the government of the Republic are within the framework of the Constitution. The law will be applied strictly. The authorities' firm action will not be exercised

against the communities, which we respect and support, or against the many organizations that work in the area in a dedicated manner and with which we have held dialogues.

There is a clear commitment to respect for human rights. There is a national consensus in favor of peace. In light of the events that have taken place in Chiapas State, this Monday I asserted, before the Permanent Commission of the Congress of the Republic, that within no region of Mexico are differences so great that they preclude our capacity for dialogue, nor is there enough distance to undermine our fundamental unity. This will always be the way things are.

At the same time, I want to express my gratitude for the responsible support stated today by all the political forces of the country—support against violence. By standing united, we Mexicans will continue to progress and will be able to make Mexico's democratic life stronger for the wellbeing of everone and, above all else, for the wellbeing of our children.

Delivers Message

PA0701040694 Mexico City Radio ACIR Network in Spanish 0202 GMT 7 Jan 94

["New Year's message" by Mexican President Carlos Salinas de Gortari in Mexico City; date not given—recorded]

[Text] My fellow countrymen: A region of Chiapas State has been affected by violence. Backwardness and poverty have existed in that beloved part of the Republic for many decades. In the past five years, we have worked hard and have invested many resources to correct this situation.

This has been possible because of many different social organizations that have maintained a constant dialogue with the government, and this dialogue has been fruitful. Nevertheless, a different kind of organization has emerged in Chiapas State. National and foreign experts on violence, who have nothing to do with the efforts being made by the people of Chiapas, have inflicted a painful blow against a region of this state and against the heart of all Mexicans.

This is why it has been correctly said that we must establish a distinction between two situations that exist in Chiapas: The armed aggression from a violent group, and the situation derived from the poverty and shortcomings in that region.

There is no Indian uprising in Chiapas. There is an action by a violent armed group that is acting against the peaceful state of the communities, public peace, and government institutions—that is, against all those things that the Mexicans have been working to build for generations, and, for this reason, those things we appreciate so much.

The violent ones are carrying out discredited actions. In countries where this type of violence has existed, the result has been destruction and backwardness. An action like this has never produced social progress for the poor or democratic progress in any country. The events in Chiapas sadden all Mexicans, because even after recognizing inequalities, for many years Mexicans have worked to open the way for respect, dialogue, and peace.

Attacks on Indians, on people from those cities, on policemen, on soldiers from the National Army are wrong. In addition, it is not fair to make attempts on anyone's life. They are all Mexicans; they deserve the greatest respect. At the same time, it is disturbing that, by taking advantage of this situation, some are trying to damage the name of Mexico, which has taken so much time and effort to build.

Attempts to undermine the country's prestige would not contribute to resolving social or economic problems and would not produce political progress. Therefore, this is an action that goes against national interests. This armed group is against Mexico.

The objectives of the armed group in Chiapas have not been secured. Several Indian and rural communities have rejected these people. Many Indian and peasant communities of Chiapas have demanded protection from the Mexican Army and have offered to participate in efforts to avoid the aggression.

We are making firm progress, although the situation is still delicate because the aggressors have continued attacking our soldiers. They can continue producing isolated actions of violence. No country can avoid this, but they will fail.

The resoluteness of the Mexicans united against violence will defeat them. They were offered a dialogue from the very beginning of the confrontation. They responded with more acts of violence. We again reiterate our offer for dialogue.

The roads of participation are open to everyone. New avenues may be opened if we persevere in our way of doing things, in our tradition of working in peace and united. No one wants a Mexico in which liberties are reduced in an effort to guarantee security. No one wants to suspend constitutional guarantees in that region of Chiapas.

Violence does not generate more freedom or democracy but, rather, hatred and political narrow-mindedness.

The Army and the state's security forces are fulfilling their duties in accordance with the law.

The government's actions have had two purposes: the first, to protect the lives of the civilian population; and the second, to reestablish normalcy in the region—normalcy Chiapas residents are so fond of—normalcy that will allow us to devote all of our efforts to promoting more justice. To achieve the first objective, we have protected the personal safety of citizens and the security

of communities. To achieve this second objective, those criminals who have been arrested are being placed under the custody of the Attorney General's Office, which takes its authority from local authorities.

The most important priority has been to protect the civilian population and to restore the possibility of a peaceful solution to the conflict. To protect the civilian population of this area from the difficulties they are experiencing, we have launched programs to deliver food, blankets, and medicine, and other public health programs are under way to deal with emergencies, prevent diseases, and reestablish medical care in the hospitals damaged by the attackers. Army personnel are protecting and distributing much of these badly needed supplies in this area.

The actions of the government of the Republic are within the framework of the Constitution. The law will be applied strictly. The authorities' firm action will not be exercised against the communities, which we respect and support, or against the many organizations that work hard in the area in a dedicated manner and with which we have held dialogues.

For those facing conditions of poverty, and for those who have participated in these actions because of deceit, pressure, or even desperation—for these people who end their violent and illegal actions, we will seek honorable treatment, and we will even consider granting a pardon. The government of the Republic has the unyielding determination to resolve this conflict and fully reestablish the state of law in this part of Chiapas with a clear and firm commitment, respecting human rights.

My fellow Mexicans: There is clear commitment to respect for human rights. There is a national consensus in favor of peace. In light of the events that have taken place in Chiapas State, this Monday I asserted, before the Permanent Commission of the Congress of the Republic, that within no region of Mexico are differences so great that they preclude our capacity for dialogue, nor is there enough distance to undermine our fundamental unity. This will always be the way things are.

At the same time, I want to express my gratitude for the responsible support stated today by all the political forces of the country—support against violence. Once the fighting concludes in the area of conflict in the state of Chiapas, this region will continue to advance in its objectives of more justice for Indian communities and in favor of those who need more. By standing united, we Mexicans will continue to progress and will be able to make Mexico's democratic life stronger for the wellbeing of everyone and, above all else, for the well-being of our children. Thank you, very much.

PRD Candidate Cardenas Comments on Crisis

PA0701032594 Mexico City Radio ACIR Network in Spanish 0112 GMT 7 Jan 94

[Report by Jose Luis Sarmenta from the "Vector 21" newscast]

[Text] The conflict in Chiapas State in no way creates conditions to impede the elections process which will lead to 21 August elections, according to Cuauhtemoc Cardenas, presidential candidate for the Party of the Democratic Revolution [PRD], who has called for a suspension of hostilities in the southeastern state. Cardenas made his statement when visiting Ruben Lenero and Magdalena de las Salinas Hospitals during the celebration on Nurses Day. Cardenas also said that instead of being concerned about electoral strategies, we must seek a political solution to the conflict in Chiapas and prevent any further loss of human life.

[Begin Cardenas recording] Regardless of what your electoral preferences may be, regardless of your sympathies for the sides in the conflict, you are not the one directly involved in what is going on. We have to call on both sides to create the opportunity to suspend the hostilities. We need to seek political negotiations, because this is a political conflict, which emerges from the application of failed policies. We hope a solution may be found. [end recording]

Cuauhtemoc Cardenas said whether or not the uprising in Chiapas is promoted by Indians, the lives of Mexican people are being lost, and this must be stopped. The PRD presidential candidate said the three Chiapas bishops have the best chance of being heard by those involved in the conflict. He said he hopes the participation of the bishops could stop the bloodshed. The PRD presidential candidate also said he will not change his campaign program, adding that within the next three months he will be going to Chiapas State.

PRI Candidate Proposes Joint Declaration

PA0701140794 Mexico City Radio ACIR Network in Spanish 0110 GMT 7 Jan 94

[Report by Rosi Ahuaxin]

[Text] On 6 January, Luis Donaldo Colosio, presidential candidate for the Institutional Revolutionary Party [PRI], proposed for the consideration of presidential candidates of the various political parties the possibility of issuing a joint declaration on the recent developments in Chiapas. Colosio already sent the draft text based on agreements reflected in the statements of the various candidates in condemning violence in the State of Chiapas.

The text, if approved by all parties—Cecilia Soto of the Labor Party, Marcela Lombardo of the Popular Socialist Party, Diego Fernandez de Cevallos of the National Action Party, Cuauhtemoc Cardenas Solorzano of the Democratic Revolutionary Party, Jorge Gonzalez Torres

of the Mexican Green Ecologist Party, Rafael Aguilar Talamantes of the Cardenist Front for National Reconstruction Party, and Pablo Emilio Madero of the Mexican Democratic Party—the joint declaration would state:

No conflict, no difference, no aspiration should be reason to break social peace and jeopardize the life of Mexicans. The declaration adds that violence only generates rancor, division, and loss of human life; everyone loses with violence.

The joint declaration of the presidential candidates adds that social underdevelopment [rezagos] angers everyone; it is a national priority to overcome this. We can only achieve this, however, when there is stability and harmony in community life. We are a nation that loves liberty, that believes in dialogue and peaceful coexistence, and that rejects bloodshed as a means of settling differences.

The declaration also states that the repudiation of violence in Chiapas reaffirms the humanistic nature of our people. We urge, the declaration states, those who are operating outside the framework of the law to respect the legal state that we Mexicans established and thus achieve the lofty goals of the nation.

Attorney General Files Charges Against 8 Rebels

PA0701044294 Mexico City Radio ACIR Network in Spanish 0117 GMT 7 Jan 94

[Report by Jesus Casasola from the "Vector 21" newscast]

[Excerpt] A few minutes ago, the Mexican Attorney General's Office announced it has filed criminal charges against eight of the nine lawbreakers who killed five Mexican soldiers and seriously injured four others in Rancho Nuevo, Chiapas State, on 2 January.

Following the preliminary investigations, the Attorney General's Office said the eight people under arrest are allegedly responsible for the crimes of murder and association with criminal intent and are charged with the possession of firearms that are meant only for the exclusive use of the Mexican Army, Navy, and Air Force.

The eight individuals were turned over to the First Criminal Court judge in Tuxtla Gutierrez, Chiapas State. They are: Juan Jimenez Santis, Juan Carlos Ruiz Garcia, Juan Guzman Velasco, Miguel Giron Lopez, Javier Jimenez Fernandez, Miguel Giron Guzman, Palemon Cabrera Arizon, and Alonso Moreno Hernandez. We must point out that the Mexican Attorney General's Office said Alonso Moreno Hernandez will probably be charged with other crimes.

The ninth person is a minor, Jose Lopez Hernandez, who also participated in the attacks on the Army members. According to the Attorney General's Office, the necessary steps are being taken to turn him over to the juvenile court in Tuxtla Gutierrez, Chiapas.

As for the events that took place on 2 January 1994, the Attorney General's Office said the nine members of the subversive group attacked a Mexican Army patrol near the village of Rancho Nuevo at approximately 0700 and immediately ambushed the Army members, killing 1st Cavalry Captain Vladimir Lara Salgado, Lieutenant Fernando Monroy Tinajero, 2d Infantry Sergeant Gilberto de Jesus Damaso, and Infantry Corporals Encarnacion Mejia Hernandez and Jordan Gonzalez Gonzalez. Those injured were 1st Infantry Capt. Jose Luis Garcia Magana, 1st Infantry Capt. Carlos Echeverria Mendez, Corporal Abimael de Jesus Morales, and Private Rodolfo Lopez Arriola.

The Mexican Attorney General's Office indicated that other Army members arrested the nine subversives when they repelled the attack. During the operation the Army confiscated three 410-gauge shotguns, a 12-gauge shotgun, a rifle, a sawed-off shotgun, two AR-15 rifles, a grenade, and approximately 100 cartridges of various calibers.

The Attorney General's Office concludes its report by saying that during the investigations carried out by the Federal Judicial Police, the necessary evidence was collected to show that these nine people did in fact participate in the ambush against members of the Mexican Army. [passage omitted]

Guatemala

Defense Minister on Mexican Crisis, Deployment Along Border

PA0601225494 Guatemala City Teleonce Television in Spanish 0400 GMT 6 Jan 94

[From the "Telepress" newscast]

[Text] Defense Minister General Mario Enriquez has said he thinks the Guatemalan peace dialogue will not be altered by the situation in Mexico's state of Chiapas.

[Begin recording] [Enriquez] If reports originating in Mexico and others produced here in Guatemala confirm the participation of the URNG [Guatemalan National Revolutionary Unity], there will undoubtedly be some repercussions in the peace talks.

[Reporter] Do you know whether those who were arrested have links to the URNG [words indistinct]?

[Enriquez] We do not have any specific information yet. We know there were arrests; as you know, newspapers on the morning of 5 January reported that. We do not have any official reports. As soon as we have official information, including names, we will let you know. As of now, all I know is what I read in the newspapers. Perhaps on the afternoon of 6 January we will have more concrete and official reports. At that time it is possible that the Foreign Ministry will release information to you; if not, I will do so as soon as information is available to me. At this time, the information we have we learned from the newspapers.

[Reporter] News dispatches from Mexico say the Guatemalan Army has reinforced the border. Is this true?

[Enriquez] We have not bolstered security along the border. On the morning of 5 January I told you that the Guatemalan Army's largest military presence had already been the one along the Mexican border. We have not increased it. If security there is reinforced, it is because three subversive groups are still present there—the ORPA [Revolutionary Organization of the People in Arms], the EGP [Poor People's Guerrilla Army], and the FAR [Rebel Armed Forces]. This is the border where we have stationed the most units. [end recording]

On URNG Links to Mexican Uprising

PA0701044194 Guatemala City PRENSA LIBRE in Spanish 6 Jan 94 p 2

[Text] Because of international legal concerns, the government of the Republic, through the Ministries of Foreign Relations and Government, may create in our country refugee camps for Mexican refugees. These refugees would remain in the camps while the presidents of Mexico and Guatemala determine the best path to follow, according to Defense Minister Mario Rene Enriquez Morales.

The minister recalled that for 12 years, Mexico has given shelter to many Guatemalan refugees. He also noted that some of these are "guerrillas" who have crossed into Mexican territory and have been received as refugees. As evidence of this, he continued, URNG [Guatemalan National Revolutionary Unity] rebels are living in Mexico and have established organs of influence, such as the news agencies CERIGUA and ENFOPRENSA.

Nevertheless, the military leader said: "I hope the situation the Mexican brothers are going through changes when the rebels understand the damage they are inflicting upon the population. In turn, they will have to take measures aimed at dialogue and reconciliation to spare residents more death and suffering."

Defense Minister Confirms URNG Support

Defense Minister Enriquez Morales stated yesterday that reports about the military logistical participation of the URNG within the Zapatista National liberation Army (EZLN) have been confirmed, as stated by Mexican authorities.

Mexico's Attorney General's Office told the media covering the events that URNG combatants are participating in the attacks on the town of San Cristobal de las Casas, because one of them was captured. The defense minister said that this confirms our feeling.

There is no official information on URNG involvement; however, the possibility that the URNG may be furnishing weapons and supplies to destabilize Mexico, as they cannot do in their own country, has not been ruled out, Enriquez concluded.

Troops on Alert Along Border

PA0701025494 Panama City ACAN in Spanish 2136 GMT 6 Jan 94

[Excerpt] Guatemala City, 6 Jan (ACAN-EFE)—The Guatemalan Army today placed its troops along the Mexican border on alert after it confirmed the presence of insurgent Mexican columns within 800 meters of national territory. Army spokeswoman Major Edith Vargas told ACAN-EFE that the Military Command is coordinating surveillance along the border, which is divided into seven military zones, although it has not felt the need to send reinforcements.

On 1 January, the Zapatista National Liberation Army (EZLN) declared war on the Mexican Government in the southeastern state of Chiapas, where clashes have left more than 200 dead, according to various sources. Since yesterday, EZLN rebels have been present in the community of Guadalupe Tepeya, about 800 km from the Guatemalan border north of Huehuetenango Department. Security and defense in this area is under Military Zone No. 19, but the border area is also being guarded by troops and detachments that are under commands [centrales] in the northern departments of Quiche and Alta Verapaz. [passage omitted]

URNG, Government Agree on Agenda for Preliminary Meetings

PA0701004594 Mexico City NOTIMEX in Spanish 2344 GMT 6 Jan 94

[Text] Mexico City, 6 Jan (NOTIMEX)—During a morning meeting today, which ended in a climate of confidence, the Guatemalan National Revolutionary Unity (URNG) and the Guatemalan Government delegates agreed on an agenda for preliminary meetings, according to sources from both sides.

"There is a climate of trust," one guerrilla source indicated. He added that at the meeting held this morning, Thursday, the two sides agreed on the agenda for the talks to reach a peace agreement in Guatemala. The source, however, refrained from revealing the points in the agenda.

"We are advancing much more than we expected. The meeting has been very productive. The climate in cordial," a government source commented in regard to the preliminary meetings that are to last four days and which were called by the United Nations. The meetings, which are being held in a leading hotel in Mexico City, are attended by eight government members (three military officers, three civilians, and two advisers), three URNG Command representatives, two URNG Political-Diplomatic Commission delegates, and the UN-designated mediator Jean Arnault.

The preliminary meetings, which were called at the request of the rebels and President Ramiro de Leon Carpio's government, are part of an effort to continue talks that were interrupted in 1993.

Honduras

Callejas Comments on Expropriations, U.S. Relations

PA0601194094 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 6 Jan 94

[Report by David Berlioz for the "This Very Day" newscast]

[Text] President Rafael Leonardo Callejas has recognized that the expropriation of property owned by North Americans may deteriorate trade relations between Honduras and the United States.

According to an article in THE NEW HERALD, an increasingly long list of North Americans, perhaps 30, have lost their property in Honduras due to expropriation, embezzlement, or illegal maneuvers to the point that the incidents are irritating Washington and its relations with Honduras.

The article includes quotes from statements made by a U.S. Embassy official in our country according to whom investing or buying real estate in Honduras is extremely risky. He adds that North American investors and owners want to do everything correctly, in strict abidance by Honduran laws, but piranhas are eating them alive.

Undoubtedly, the article seriously affects Honduras' chances of attracting highly sought foreign investments.

[Begin Callejas recording] In my opinion, it is obvious that much of this happens because it is presumed that the law will always favor them because they are North Americans. That is not necessarily the case. [end recording]

According to the president, the situation could undermine relations between the two countries, particularly trade relations.

[Begin Callejas recording] Remember that the United States makes the introduction of our products under preferential terms contingent upon its foreign policy, so complex situations may arise. [end recording]

The president mentioned the case of the United Nations Park, which was erroneously registered in a person's name during General Tiburcio Carias Andino's administration even though the families that owned the land at the time were compensated.

[Begin Callejas recording] A North American purchased the land even though he knew about this error, or perhaps he acted in good faith. However, an error in the implementation of the law does not imply that the state is guilty of an illegitimate action. Therefore, the state believes it has the right to purchase the land at El Picacho. That is one of the cases involved. Consequently, we must be fair here and act within the framework of Honduran society. We must accept the fact that the North Americans are not necessarily right all the time. [end recording]

Argentina

Official Clarifies Falklands Fishing Accord

PY0601173694 Buenos Aires LA PRENSA in Spanish 5 Jan 94 Section 1 p 5

[Article by Andres Cisneros, secretary general of the Argentine Foreign Ministry]

[Text] The article entitled "Risky Aftermaths of the London Treaty" by Edgardo Aguilera, published by LA PRENSA a few days ago, includes—in my opinion—inaccurate information and assessments that cannot remain unanswered.

It is not true, as Aguilera asserts, that the islanders' income from fishing in the Malvinas "will probably increase with the entry into effect... of another ocean zone, known as the Falkland Outer Conservation Zone (FOCZ)." Aguilera bases this statement on a comment attributed to the Falklands governor who, "based on this fact, was assessing the possibility of extending the fishing season and increasing by 10 percent the number of fishing licenses to be granted in 1994."

The truth, however, is quite different. For a start, we are not referring to a "London Treaty," but to a mere fishing agreement that may or may not be renewed every year. Secondly, in this agreement we have made sure that Great Britain limits to 150,000 tonnes the amount of fish extracted this season. It does not matter where it fishes, either in the new zone established by a common agreement with Argentina or in the ones previously agreed upon; Great Britain cannot surpass the aforementioned amount, and therefore the establishment of the FOCZ will not cause any "damage." Moreover, it could well benefit Argentine fishing, because every ship the islanders send to the new zone will help reduce the number of ships operating between the islands and the continent—up to now the busiest zone—which will clearly benefit Argentine ships and help preserve the resources.

As for the comment by David Tatham, it by no means entails increasing fishing above the 150,000 tonnes ceiling. In spite of what the article says, all it does is announce the price they will charge for each fishing license and a longer term for each permit—factors related to their commercial policy, always within the fixed 150,000 tonnes limit... Argentina, in turn, has similar variables, and I would say much better ones than what the aforementioned article suggests. Thanks to our comparative advantages, better infrastructure, and a growing operative efficiency, we can offer licenses for longer periods at more attractive prices. This fact, during the past two years, has been reflected in clear Argentine leadership in that fishing region.

Something that is not mentioned in Aguilera's article—which is so gloomy about the government's action—is that right from the beginning of these annual fishing agreements, Great Britain has maintained the 150,000 tonne ceiling while the Argentine ceiling has done nothing but rise. This year it has risen to 220,000 tonnes, which will allow an income equivalent to almost half our traditional beef exports.

It is also not true that the establishment of the FOCZ will be necessarily negative because the preservation zone has been turned into an exploitation zone. We are talking about renewable resources, where preservation measures are justified if fishing reaches the point of depredation. But if the volumes set by the two countries do not together threaten the preservation of resources, all that is allegedly being preserved ends up lost with no benefit accruing to anyone.

Every year Argentina and Great Britain carry out joint investigations and coordinate their own predictions to scientifically assess the total fishing volume within the preservation limits. If this coordinated policy determines the need to ban fishing in a given zone, this is decided on a yearly basis. For the time being the market demand does not threaten this resource being exploited jointly.

Neither is it true that the fishing boom [preceding word in English] represents a true and permanent increase in the islanders' income. Quite the contrary, as the very charts published by Aguilera show: Since these fishing agreement with Argentina were signed, the British volumes have done nothing but drop: 44 million pounds in 1991, 40 in 1992, and 31 in 1993.

Fishing is, in fact, very important for the islanders (it represents 49 percent of their income) and they are perfectly aware that maintaining these conditions depends, in the very near future, on the good will of Argentine foreign policy and, in the long term, of some type of agreement with our country that will surpass the not always guaranteed annual renewals of agreements signed so far.

Aguilera's comment about Heathcoat Amory is opportune. He is the second consecutive British minister of state for foreign and commonwealth affairs to publicly recommend that the islanders seek more significant agreements with our country.

It is also true that the profits obtained from fishing will generate deep-rooted changes in Falklands society, which sooner or later will understand that their best alternative to exploit this and other natural resources, and to enter the next century with a flourishing economy, unavoidably entails basic agreements with the only neighbor God gave them on Earth.

Roundup of Economic Reports Through 6 Jan

PY0601205794

[Editorial Report] The following is a compilation of reports on economic activities in Argentina monitored through 6 January.

The National Institute of Statistics and Census, INDEC, reported that the unemployment rate increased to 9.3 percent in October. Unemployment affects 1.078 million of the 11.6 million people in the economically active population, PEA. The underemployment rate was also 9.3 percent and affects 2.157 million. The unemployment rate measured by the PEA increased 32.8 percent between October 1992 and October 1993, and underemployment went from 8.1 percent to 9.3 percent. (Buenos Aires NOTICIAS ARGENTINAS in Spanish 2212 GMT 30 Dec 93)

INDEC reported that the December cost of living was zero percent, and the inflation rate in 1993 was 7.4 percent, the lowest in the past 39 years. With the December rate, the cost of living has increased 52.9 percent since the implementation of the Convertibility Plan in April 1991. (Buenos Aires NOTICIAS ARGENTINAS in Spanish 1114 GMT 6 Jan 94)

* Good, Bad Aspects of Cavallo Plan Viewed

* Zorraquin Group

94SM0134A Buenos Aires CLARIN in Spanish 23 Nov 93 p 24

[Article by Jorge Luis Velazquez]

[Text] Some see the Cavallo Plan as representing doom, while for others it means salvation. The Zorraquin group, centered in the petrochemical industry, is unable to escape the effects of the free fall of international prices and the invasion by imported products. In order to stay afloat, it has put Saiar, the leader in the production of heating tanks, and the jewel of its holding operations, up for sale. Philco, the enterprise headed by Jorge Blanco Villegas, the president of the UIA [Argentine Industrial Union], represents the other side of this coin. It is enjoying the delights of a purchasing rate of electrical domestic appliances that continues to rise. And it has just bought Peabody in order to enter the freezer market, an area from which it had been absent.

The Garovaglio-Zorraquin [G & Z] business group, which owns the Ipako and Polisur petrochemical firms, is looking for ways to eliminate ballast in order to stay afloat in the financial crisis threatening to submerge it. The most effective method it has found has been to eliminate some of its assets. It has left some fields and ceased its participation in various undertakings. What it has not yet succeeded in doing is to gain control of a debt that totals about $150 million.

Now it has tacked the "For Sale" sign on the door of another of the firms it controls—the Saiar metallurgical company. This firm is the leader in the thermotank and heating-system market. It holds the license for the U.S. Rheem brand, and as a result it invoiced a total of more than 60 million pesos in 1992.

Its production activities are distributed between two plants. The first is located in Quilmes, in Greater Buenos Aires.

Although it is called the Iguazu plant, the other is in San Luis, where it was built in the heat of the industrial upsurge.

Although Saiar was only put up for sale a very short time ago, there has already been one principal interested party—the owners of the Rheem trademark. But the talks with the North Americans soon reached an impasse. The other buyer negotiating at the present time is the Chilean Compania Tecno Industrial [Technoindustrial Company], the leader in the electrical domestic appliance market on the other side of the mountain range. It has been learned that this company wants to establish itself in Argentina, using Saiar as its base for MERCOSUR [Common Market of the South] operations.

The Chileans are talking with Associated Merchant Bankers (MBA), the firm managed by the Reynal brothers, which represents Salomon Brothers in Argentina. It happened that MBA, which provides financial advice to G & Z, planned the entire Saiar sales operation. It is managing the negotiations with the Bank Club with a view to its financing of the debts of the group.

Changes Planned

Ipako, the leading G & Z firm, has for several months been undergoing a drastic adaptation plan. Federico Zorraquin, Jr., remained to head the internal reorganization after the entire top management of the firm was removed.

Strictly speaking, the reorganization of this group began earlier. One of the first decisions made was to sell for $8 million its share (50 percent) of Aluplata, a joint undertaking with the Crown firm in the United States for the manufacture of lightweight aluminum beverage containers.

Other steps in the same direction included the sale of four floors of the main building to the Perez Company, deactivation of the operations of the Cerro Castillo [Castle Hill] mining company, and the sale of some rural properties.

Zorraquin's hope of preventing the enterprise from sinking hinges on the negotiations with the Bank Club. According to spokesmen for the enterprise, an agreement is very close to being reached. They do not exclude the possibility that this may happen before the end of this month.

They say that this agreement would be possible if a contract for supplying ethylene to the petrochemical plants could be agreed upon first. The Zorraquin people want a price lower than Bahia Blanca Petrochemicals (PBB), a mixed enterprise, is obtaining for this raw material at present.

"It would mean our doom if the agreement were to fall through," a spokesman for the group said. If this were to happen, according to the enterprise, the group would suffer from another drain in addition to that resulting from the financial suit against them that was won recently by the FBB requiring that Ipako pay off a debt of $30 million.

The directors of Ipako are confident. They believe they will be able to survive based on the plan for further adjustment and refinancing of their debts. However, they immediately add that they have no control over the development of international prices (now at their lowest point) or the harsh competition provided by the petrochemical firms in Brazil, which have invaded Argentine territory with the lowest prices in history.

* Philco Gains

94SM0134B Buenos Aires CLARIN in Spanish
23 Nov 93 p 24

[Article by Luis Ceriotto]

[Text] The white kingdom of refrigerators and freezers is on the move, in length and in breadth. On its flank, the market base has expanded. In 1990, 300,000 units per year were being sold, while the figure today easily exceeds 600,000. And this sector faces an increasingly clearly defined concentration with a limited number of brands. Only seven of the 17 brands on the market account for 70 percent of the sales.

In recent days, the 18th brand has been added, and it seems certain to claim the lead for itself. Philco, the reigning champion in the television and car-stereo sectors, has now ventured into the refrigeration field. It has purchased 30 percent of Helametal, which produces the Peabody refrigerators. But the people at Philco hasten to explain that it is not a question of absorbing the firm, but rather of adding to their holdings.

To speak the truth, the most serious operation took place some months ago within Philco itself, when the head of the Argentine Industrial Union (UIA), Jorge Blanco Villegas, bought 37 percent of the company's stock from the Plata Commercial Company (Soldati). This package, added to the shares controlled by his sister Silvia, gave him control of the stock.

Silvia Blanco Villegas is the majority stockholder in Inversora Antartica [Antarctic Investments], a company that is affiliated with the SOCMA (Francisco Macri's holding company) and is the owner of the other 37 percent of the Philco stock. The rest of the shares are in the hands of Japan's NEC.

Once the president of the UIA had consolidated his control of Philco, the expansion into the refrigeration sector began. This is the sector that has traditionally located its plants in the provinces with developing industry. That is the case for Helametal itself, which in addition to a plant in Buenos Aires, has another in Catamarca.

The enterprise is continuing to manufacture Peabody refrigerators. This brand has a market share of between eight and 10 percent. But it is now also producing the models with which Philco reentered the refrigeration sector after an absence of almost a quarter of a century (it had produced freezers until 1970). Six models, five of them domestic, and a more sophisticated one imported from Korea, are included.

Those responsible for launching the new products are sending a kind of double message. On the one hand, they say they spent almost $3 million on the advertising campaign, as well as an amount they do not want to specify on purchasing the Helametal stock. But they will swear to anyone who will listen that they did not go into the refrigeration market to beat out the smaller or more inexperienced firms. "For us, settling our debts will suffice. At least for the time being," Fortunato Gacceta, the commercial manager of the firm, says cautiously.

We asked how much had been spent on equipment.

"About $400,000. The serious investments will come later."

They took the competition into account. They know that Philco is a heavyweight in the so-called "brown line" (televisions and video and audio equipment). They take it for granted that when they added their refrigeration line, it was not to become one of the minor manufacturers, but to fight for the lead.

CLARIN asked Daniel Sciaroni, who heads McLean, S.A. (Patrick and Saccol), if his firm was taken by surprise by Philco's action.

"We expected it, but we also positioned ourselves. We invested $20 million in a new plant, in Caseros, whereby we are doubling our production. Between the plant in Caseros and that in San Luis, we will be producing 1,500 refrigerators a day within a few months."

They are saying at McLean, Patrick, and Saccol that together, they have the lead in a market involving 600,000 refrigerators and 200,000 freezers per year. They say that the next most important firm is Whirlpool, the multinational North American firm that bought its refrigeration line from Philips two years ago. But they say that the entry of Philco into the market changes the game.

"Philco has an industrial strategy, as we do. It produces for the domestic market, and in addition it exports some of its products. Its production will not go unnoticed," a spokesman for McLean standing behind his superior said.

We asked who would be affected first.

"It will surely be the smaller producers. There are 11 refrigerator brands that, taken together, account for no more than 30 percent of the market. One of these firms will surely be the first to fall."

Bolivia

Roundup of Economic Reports Through 6 Jan

PY0601210294

[Editorial Report] The following is a compilation of reports on economic activities in Bolivia monitored through 6 January.

The Bolivian Government signed two loan agreements with Germany. The first involves a loan for 30 million German marks for an electricity grid in La Paz Department. The second is a 2 million-mark credit for the supply of drinking water in Oruro. (La Paz Television Boliviana Network in Spanish 0100 GMT 31 Dec 93)

The Bolivian Central Bank reported that the economy grew 3.2 percent in 1993, 0.51 percent higher than the previous year. The inflation rate for the year's first 11 months was 8.78 percent, a drop of 13 percent compared with the similar period last year. Net international reserves totalled $345 million, an increase of 47.8 percent. The 1993 fiscal deficit was 1.4479 billion bolivianos, 6.6 percent of the GDP and an increase of 4.7 percent compared with the previous year. The trade balance registered a $501 million deficit. The foreign debt balance totaled $3.8 billion through 31 December, an increase of 0.4 percent compared with the same period last year. The debt service was $235 million, an increase of 14 percent. (La Paz LA RAZON in Spanish 24 Dec 93 p B3)

The National Statistics Institute announced that the inflation rate for 1993 was 9.31 percent, which is the lowest in the last 17 years. The report also says the GDP grew 3.2 percent, approximately $4 billion. The institute reported that unemployment during 1993 reached 5.4 percent, 60,000 people. (La Paz Television Boliviana Network in Spanish 0100 GMT 4 Jan 94)

Brazil

President Franco Releases Statement on Correa's TV Comment

PY0701002394 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 6 Jan 94

[Text] Planalto Palace released a statement this afternoon on an interview given on 5 January by Justice Minister Mauricio Correa in Machete Television Network's Power Struggle program.

According to the newspapers, in the interview Justice Minister Correa reportedly said that between October and November of last year a group of civilians and soldiers reportedly urged President Itamar Franco to carry out a coup similar to the one carried out by Alberto Fujimori in Peru, and to impose strong measures against Congress and the Judicial Branch.

According to presidential adviser Fernando Costa, President Franco said: First, he did not attend the meeting. Second, the justice minister informed the president early this morning that he never talked about a coup during the interview. And last, the interview with the justice minister is the justice minister's responsibility.

Justice Minister Mauricio Correa said today that he did not talk about a coup during the interview with Manchete Television Network.

Correa explained that he talked about the government's projects, and reporter Carlos Chagas asked during the interview if there was an environment of tension in the country at any time that could obstruct the constitutional order. The minister said that between October and November of last year the country was experiencing a period of extreme concern due to low salaries, a high inflation rate, and the impasse in the Federal Supreme Court over the decision on former President Fernando Collor's political future. In addition to that, said the minister, the people saw images of the corruption in the country everyday.

Mauricio Correa said that as justice minister he gave an interpretation in the interview of what he felt, but that at no time did he say President Itamar Franco was under pressure:

[Begin recording] In case you saw the interview, I never talked about a coup that was being hatched inside the government. I only gave an interpretation of what I felt as minister; that was my duty. [end recording]

Minister Correa also said that if he is summoned, he will go to Congress to repeat what he said in the Manchete Television Network interview. Correa added that the country is going through a time when things should not be hidden, that this can even serve as therapy for the future.

Army Minister Rules Out 'Any Possibility' of Coup

PY0701113194 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 7 Jan 94

[Text] Army Minister Zenildo Zoroastro has ruled out any possibility of a coup in Brazil. There is no risk of Fujimorization in Brazil, the minister said, noting that President Itamar Franco has already said everything that had to be said on the subject.

The military ministers had thought about releasing a note denying the statements by Justice Minister Mauricio Correa. The ministers, however, preferred not to promote greater controversy on the subject.

Banks Want Court Decision Clarified To Collect Tax

PY0701010894 Sao Paulo GAZETA MERCANTIL in Portuguese 28 Dec 93 p 1

[Article by Marcio Aith]

[Excerpt] The Brazilian Federation of Banks (Febraban) reported on 27 December 1993 that it is having problems in restarting the collection of the provisional tax on financial operations as of January 1994 because the Federal Supreme Court (STF) has not published the court decree (in its entirety) of 15 December 1993 declaring the tax constitutional.

In that decision, the Federal Supreme Court established several restrictions on collections for entities considered immune by the Constitution and for states and municipalities. The court decree has not been published yet.

The banks allege that the Constitution restricts immunity on operations related to the essential activities of those entities, and that without the publication of the court decision, the banks will not be able to define what operation by the same entity is immune. Helio Ramos Dominguez, legal adviser for Febraban, said: "It is not up to the banks to define whether an operation is related or not to an entity's essential activity."

On 27 December 1993, the banks sent requests for clarification to the Federal Revenue Office and the Central Bank. Febraban believes it will be very difficult for the Federal Supreme Court to publish its decision before January—the court is in recess and will return to work in February—therefore, it hopes to begin collecting based on the clarifications from the two organizations. [passage omitted]

Increasing Market 'Uncertainty' Reported

PY0601213094 Rio de Janeiro O GLOBO in Portuguese 29 Dec 93 p 15

[From the "Economic Panorama" column by Miriam Leitao]

[Text] The Central Bank [BC] is behind in its internal debt renegotiation schedule by $10 billion. This means that titles representing a third of the total internal debt fell due and were not sold in the market again.

The past two BBC [Central Bank Bond] auctions failed. Another auction failed in November. The BC has not accepted the market interest rate with the argument that it does not want to appear to agree with the expectation of a 40-percent inflation rate in January. Market agents, in turn, argue that they lost approximately $500 million from September to December for anticipating rates below the real ones.

Pactual Bank economist Paulo Guedes said the $10 billion that was not renegotiated was "pure nitroglycerine. In theory, that money is loose and can go anywhere."

"The picture is not good at all," said Pablo Haddad of the Garantia Bank. Haddad, a former BC director himself, thinks the information available on the economic plan "is not very clear and not very consistent," increasing economic agents' uncertainty.

"The market demands high rates for prefixed titles [certificates that earn interest without monetary corrections] and looks at post-fixed titles [certificates earning interest and monetary corrections] with great mistrust because the index can be changed at any time," Paulo Guedes argued. Today the Treasury will try to sell NTN's [National Treasury Notes] indexed to the foreign exchange rate and the TR [referential interest rate].

Whatever the result of today's auction—it is expected that the Treasury will be luckier than the BC—the climate of apprehension with which the market reaches the end of the year makes us look back with nostalgia to the efforts to extend debt payments months ago. At that time the BC was selling bonds with six months to one year maturity with increasingly lower interest rates. Now debt bonds mature at shorter intervals, interest rates are higher, and the uncertainty is greater.

Roundup of Economic Reports Through 6 Jan

PY0601205994

[Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 6 January.

The Mineral Resources Prospecting Company has discovered small deposits of platinum in Para, Rondonia, and Minas Gerais States for the first time since the company began prospecting in 1991. This increases the possibility of Brazil becoming a platinum-producing nation. (Sao Paulo GAZETA MERCANTIL in Portuguese 29 Dec 93 p 13)

The National Confederation of Industries reported that Brazilian industry will register between a 8.5-9 percent "exceptional" increase late in 1993. This performance will contribute to increasing the GDP 4.5 percent compared with 1992. (Sao Paulo GAZETA MERCANTIL in Portuguese 30 Dec 93 p 9)

Labor Minister Walter Barelli on 30 December reported that as of 31 December the minimum salary will be 32,882 real cruzeiros, nearly $100, with a readjustment 75.28-percent higher than the December salary. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Dec 93 Economy Section p 1)

The Brazilian Institute of Geography and Statistics, IBGE, on 29 December said the unemployment rate in six Brazilian metropolitan regions—Rio de Janeiro, Sao Paulo, Belo Horizonte, Salvador, Recife, and Porto

Alegre—was 4.57 percent in November. This percentage was lower than October's 4.89 percent and November 1992's 5.82 percent. The IBGE also said the number of employed people in the six regions grew from 15,428,279 to 15,474,639 in October. (Sao Paulo GAZETA MERCANTIL in Portuguese 30 Dec 93 p 8)

Chile

Gen. Pinochet Visits Defense Minister-Designate

PY0701021294 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 7 Jan 94

[Text] The Army commander in chief, General Augusto Pinochet, today visited Defense Minister-designate Edmundo Perez Yoma in his home together with four major generals. The visit was qualified as a protocol visit.

Today at noon, Perez Yoma went to the office of President-elect Eduardo Frei Ruiz-Tagle on Hindemburg Street to inform him about his meeting with the Army commander. It was a cordial meeting, Perez Yoma said, adding that he told Pinochet of his intention to maintain extremely good relations with the military during the next administration.

[Begin recording] [Unidentified reporter] Gen. Pinochet never paid a visit to Defense Minister Rojas. What do you think of this?

[Perez Yoma] I did not know that, and I greatly appreciate the fact that Gen. Pinochet, together with four other generals, visited me in my home and presented these major generals to me. So I am very happy about it. [end recording]

Perez Yoma was asked whether the visit was a demonstration of Gen. Pinochet's subordination to political power.

[Begin Perez Yoma recording] I think Gen. Pinochet has demonstrated he is willing to submit to the political power. I think his visit expresses his good intentions regarding this subject. [end recording]

New Members of Frei's Cabinet Disclosed

PY0601180494 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 6 Jan 94

[Excerpt] [Passage omitted] Early this morning President-elect Eduardo Frei arrived at Las Condes Hospital, where his wife, Marta Larraechea, was released after having undergone surgery on 2 January.

Frei then went to his office on Hindenburg Street where, while he held a series of protocol meetings with various sports, artistic, and labor union organizations, a communique was issued disclosing the latest appointments designed to complete Frei's first cabinet.

Ernesto Schiefelbein, independent, was appointed education minister; Emiliano Ortega, of the Christian Democratic Party, agriculture minister; and Alejandro Jadresic, also independent, head of the National Energy Commission.

The first meeting of the new cabinet will be held tomorrow at 0945 at the Andres Bello Diplomatic Academy building. [passage omitted]

Colombia

AD/M-19 Leader Considers Suit Against U.S. Troop Presence

PA0701015694 Mexico City NOTIMEX in Spanish 2136 GMT 6 Jan 94

[Text] Santa Fe de Bogota, 6 Jan (NOTIMEX)—Antonio Navarro Wolff, presidential candidate of the 19 April Movement Democratic Alliance [AD/M-19], today announced that his organization will study legal formulas to sue the government for permitting the presence of U.S. soldiers in the country.

"We will ask the Defense Ministry for a copy of the agreement signed by the Colombian and U.S. Armies so we can act legally," the former guerrilla said. He described the arrival of U.S. military engineers in southeastern Valle del Cauca Department as "unjustified and a violation [violatoria]."

Some 133 military engineers from the Southern Command in Panama today began social projects in Valle del Cauca Department, the capital of which is Cali. The action has created great discontent among political sectors because the Constitution prohibits the presence of foreign troops without congressional consent.

According to Navarro Wolff, who will run for president in the May elections, the administration of President Cesar Gaviria "is concealing the real mission of the U.S. military contingent." The AD/M-19 leader added, "We are following the case as citizens." In recent days, Navarro Wolff traveled to the area where the foreign soldiers are deployed and gave Colombian flags to the residents.

The Union of Democratic Workers of Colombia [Sindicato de Trabajadores Democraticos de Colombia] joined the protest by describing the arrival of the U.S. troops as an "attack on national sovereignty." The labor organization stated: "It is unacceptable that at the request of the president, Colombia is treated like an international beggar and permits the arrival of troops in the country under the pretext that they are coming to build a school."

Gaviria and the Defense Ministry have insisted that the soldiers' mission is "humanitarian," and they have ruled out any violation of national sovereignty.

The U.S. group yesterday began to build a school and a health center to serve approximately 2,000 people of a

tourist area near the Colombian Navy's Malaga Bay naval base on the Pacific. Official sources indicated that the group will remain in Colombia until 28 February, when the projects are scheduled to be finished.

Army Commander on Venezuelan Guard Gunrunning

PA0701035394 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 7 Jan 94

[Report by Miriam Ortiz from the "24 Hours" newscast]

[Text] Charges leveled by a guerrilla from Arauca on the "24 Hours" newscast have confirmed that there is clandestine arms trafficking by the Venezuelan Guard to guerrillas of the ELN [Army of National Liberation] and the FARC [Revolutionary Armed Forces of Colombia] in the border area. On 5 January, the commander of the Army confirmed this information and said he had already given the Venezuelan authorities a list of names of Venezuelan soldiers involved in this illegal arms trade.

[Begin Army Commander General Hernan Jose Guzman recording, identified by caption] The operation we carried out and the statements of a guerrilla member produced information that was turned over to the Prosecutor's Office. If you want names, I can tell you that I cannot reveal them because this case is now the responsibility of the Venezuelan authorities. [end recording]

The "24 Hours" newscast, however, learned that the following Venezuelan soldiers are involved: Colonel Montes, Guard Escalante, and Inspectors Ramos and Nunez. We also learned that the Venezuelan Government is investigating certain reports that many Venezuelan soldiers and guards offer protection to Colombian guerrillas. Gen. Guzman also confirmed that there are constant exchanges between Venezuelan subversives and Colombia's ELN.

[Begin Guzman recording] We know that certain guerrillas, especially those in the ELN, have crossed the border to give training on the Venezuelan side. [end recording]

The Army commander added that although it is impossible to control the 2,219 km borderline, the necessary measures were implemented in coordination with the Venezuelan Army.

Paraguay

Colorado Leaders Support Wasmosy, Criticize Riquelme

PY0601212494 Asuncion ABC COLOR in Spanish 6 Jan 94 p 2

[Text] In a communique, hundreds of leading Colorado Party members stated yesterday that the communique issued by party president Blas N. Riquelme on 5 January does not reflect the political will of the Colorado people. The document charges Riquelme with violating the party bylaws and with being "too anxious" to participate in the government to the point of neglecting the party's institutional affairs. Riquelme is also criticized for being unaware of the president's constitutional powers and of the role he must perform as party chairman.

The document criticizing Riquelme's political actions was released at Mburuvicha Roga [Wasmosy's official residence] after a meeting between the president and Colorado leaders. The meeting was attended by cabinet ministers, members of the party's executive board, heads of state-owned companies, and other government officials who conveyed their support to Wasmosy and described as inappropriate Riquelme's anger over the dismissal of Antelco [National Telecommunications Administration] officials.

The communique states that the crisis provoked by Riquelme's reaction to the reshuffling of senior Antelco officials by the Executive Branch "shows with unmistakable clarity that Mr. Riquelme believes he owns the party, and that he is not only unaware of the president's constitutional powers but also of the role a ruling political party can and must play."

The document, which was signed by hundreds of party members, charges the party chairman with having failed to observe the party bylaws, with overlooking the institutional procedures established therein, and with acting on behalf of the party "only when he feels like it and often to address matters that had not been discussed earlier by the Colorado executive board, of which he must be the leader and the spokesman."

The communique adds: "In light of these circumstances, in which the party president is so anxious to participate in the government to the point of neglecting the party's institutional affairs, we—members of the executive board, congressmen, heads of precincts, mayors, councilmen, governors and members of departmental boards; leaders of women, youth, professional, peasant, and labor organizations—hereby assume the essential and urgent responsibility of clearly explaining that the communique released by Mr. Riquelme does not reflect either the political will of the executive board or of the Colorado people."

The communique notes that, in a special session, full members of the Colorado executive board—many of whom signed the communique—will propose that the board consider the actions and communique signed by Riquelme.

The communique adds: "We, the undersigned, hereby express their full support for the government of President Juan Carlos Wasmosy, based on their conviction that his government represents the Colorado proposal of promoting national interests as presented to the people by the Wasmosy-Seifart ticket."

Party Chief: President's Candidacy 'Imposed'

PY0601191994 Asuncion NOTICIAS in Spanish
6 Jan 94 pp 6, 7

[Text] The reverberations of the feud between President Juan Carlos Wasmosy and Blas N. Riquelme, chairman of the ANR's [National Republican Association—Colorado Party] Executive Board took an unexpected turn on 5 January when the latter disclosed lurid details of the executive head of state's candidacy.

Riquelme acknowledged that Wasmosy's candidacy had been imposed on the ANR. His verbatim remarks reveal information that could have unsuspected implications in shedding light on Wasmosy's controversial victory, first in the ANR's presidential primaries and then in the general election.

Riquelme said: "[Wasmosy's] presidential candidacy was imposed on me. It was imposed on me one evening while he was present there. I cried because it was an imposition, which was not prompted by him but rather by the Colorado Party. It is a long story. He has to give me credit for that event, namely that I was obliged to accept a candidate whose acceptability on the part of my fellow party members, the people, was going to be difficult for me to obtain."

He added that Colorado Party members who accepted this situation "did everything possible" so the imposed candidate would stand a chance in the elections.

"We worked our fingers to the bone and we won the elections. We won the elections but he never says Riquelme helped me, but rather 'he shed tears when my candidacy was imposed on him.' Wasmosy lacks the virtue of standing up for us. If I were to disclose everything that was done to win, but I would not like to discuss that," he stated.

The Colorado Party chairman also warned that this "is the most serious crisis of all, and is sure not to be the most serious or the last one because others may occur."

The Brother-in-Law's Affair

With regard to the dismissal of his brother-in-law, Jose Luis Yanez Zelada, who was an adviser to Antelco [National Telecommunications Administration], Riquelme stated: "That is the excuse those gentlemen have got hold of to justify my annoyance. All the ministers and people close to (Wasmosy) are the ones to blame for this. They have voiced this opinion just to make their boss happy, to give him satisfaction."

"This situation (of friction with the head of state) did not happen overnight," he said, adding: "It has been dragging on for a long time—since the beginning, even since the first appointments (of ministers) that were made within the new administration, and Colorado Party members are well aware of this."

Riquelme added: "The replacement of Antelco's administration had already been agreed upon in early December. I spoke to Mr. Wasmosy because I am the chairman of the Colorado Party, which props up his political stability."

"I told him that he had to exercise extreme caution concerning Antelco because its managers—and the financial statements speak for themselves—have done a great job of administration, a very positive one, which generated a 700-percent surplus," he added.

"But after many comings and goings, yesterday (4 January), I asked the president to produce some evidence that would explain why he was concerned about Antelco's management and support his contention that the company's management was an utter failure. I told him the management was not a failure, that to the contrary, it was good. Long after, when he was ready to fire that gentleman, I telephoned him at 1030 (on 4 January) and told him that I wanted to talk to him about loyalty, a loyalty I do not know whether I will continue to have to him. He told me to see him at noon, and I arrived on the dot," he said.

"I told him: Mr. President, you did something I had not expected. And he answered me: But Riquelme!, you have been misinformed. It is Kishi [Colonel Eduardo Kishi, the chairman of Antelco's Board of Directors] whom I have given the sack. I have not sacked your brother-in-law," noted the Colorado Party chairman.

Riquelme added: "I answered him that my problem had nothing to do with my brother-in-law but rather that it lay in a party issue, a national one, and that Antelco's managers were working in an honorable way and the problem was that Kishi was being laid off on the grounds that he was a bad manager and that was not true."

"Furthermore, Wasmosy said he was going to privatize Antelco and the Colorado Party was against it. I do not oppose the privatization of deficit-ridden state enterprises, but I do not understand why we should privatize a company that is doing well, is yielding good returns, and has a good manager, for whom I would go to the stake. I challenge them to prove I am wrong," he said.

Riquelme added: "Kishi is a loyal man. When Wasmosy planned to become president, Kishi was one of the people who helped him come to power."

Riquelme stated: "This is why I am angry. It is not on account of my brother-in-law's dismissal. That excuse has been concocted by the gentlemen (the ministers) who do not know a thing about politics and who have climbed so high that now they are fighting tooth and nail to remain in their posts. They want to justify what is unjustifiable. They want Riquelme to leave, they want to get rid of him so the Executive Board will be at the beck and call of one person's whims, of one person's bad character (like Wasmosy's). It is precisely against this state of affairs that I am struggling."

The Top Leader Says He Will Not Resign

Concerning the controversy with President Juan Carlos Wasmosy, Colorado Party Chairman Blas N. Riquelme on 5 January categorically stated that he will not resign from office and asserted that he will keep battling on and "enduring whatever may happen" to defend the ideals of the party he heads. Riquelme said it is most regrettable that the president had crossed Antelco's management out with a stroke of his pen because he suspected they were dishonest.

"I will have to put up with whatever happens because we are in a democracy and the president has the right to manage institutions the way he thinks fit," he said.

"After all, sooner or later we will have to hold talks again in order to govern the country because I am the chairman of the party that politically buttresses and guides the government," he pointed out. "In short, I will surely continue here at the Executive Board and will continue struggling along because those people, those close to the president, who ill advise him, are seeking to make Riquelme sever his connection with the Colorado Party, but that will not happen."

With regard to the latest controversy with Wasmosy, Riquelme said: "The list of things that I have publicized is something I had been putting up with for a long time because I have prostrated myself at his feet to keep him (Wasmosy) company, to plead with him, to go to his home, to greet him and offer him solidarity. And to cap it all, he fires a cannon ball at us. I do not say that he should not do these things, but he ought to tell us, Colorado Party members, so we can come to a decision by consensus."

Riquelme told the executive head of state: "You are responsible for the government and, as you say, have your own fountain pen and you are the owner of your fountain pen, but don't you think you can drop your own fountain pen if the party withdraws its support?"

Employers Association Reviews 1993

PY0601182694 Asuncion ABC COLOR in Spanish 24 Dec 94 pp 14-15

[Text] Assessing 1993, Feprinco [Federation for Production, Industry, and Trade] President Cesar Avalos, who represents trade, yesterday said: "The state apparatus has not been rationalized. On the contrary, there is a continuous increase in the number of public employees while corruption and smuggling have not been correctly controlled through strong and persistent measures, so they prevail freely and stronger than ever."

Avalos delivered his year-end message to almost 100 businessmen. He said that since 1989, following the coup d'etat, the country has been living an eminently political environment with an almost total absence of an economic policy to guide the nation. "It seems as if the natural agents—the politicians—were dazed, insensible to the citizens' demands," he said.

Avalos stated, however, that the government cannot be asked for immediate solutions to all problems affecting the country because many are subject to factors that are not under its control.

"We believe the government can achieve many immediate solutions through simple political decisions that are being unjustifiably postponed, like the privatization of state companies, the ban on smuggling, and the eradication of corruption in public businesses," he said.

He added that state expenditures must be rationalized, that private economic activity must be deregulated, and that the government must establish an honest and upright Judicial Branch. He called for adequate legislation for employer-labor relations, the eradication of criminal violence so as to allow investments, a climate of security and the promotion of industrial, agricultural, and livestock development

Avalos said: "We must also mention the seriousness of certain events which are taking place in the countryside and in the cities with increasingly frequency, which tend to aggravate and which require the urgent attention of the national authorities."

He added: "I am talking about criminal and vandalistic actions in addition to cattle stealing, the clandestine occupation of land, and recently to robberies from commercial establishments and from people."

The trade representative added that in addition to surreptitious and covert actions, "people are being openly incited to violence by leaders of union organizations which should operate moderately and with the required prudence to contribute to our social peace; not with the arrogance and impudence to weaken it."

He added that facing this situation, Feprinco publicly assumes the commitment of adjusting its objectives, actions, and doctrine on norms and procedures that seek to facilitate a peaceful coexistence among all Paraguayans in the quest for a more just and worthy society which is more sensible to its needs. He said he expects this attitude will be endorsed by the national government.

Another issue that worries Feprinco and which was reflected in the year-end message is unemployment which at this moment reaches approximately 12 percent of the economically active population (those older than 10 years of age who participate in the labor market or seek employment).

He added that some 300,000 people are underemployed. This is reflected in the landless peasants, the increase in the number of poor people, and the massive exodus of workers to neighboring countries.

One of the aspects considered worrisome is the continuous increase in the economically active population. Some 50,000 new workers annually seek work but are not absorbed by the labor market.

Feprinco also criticized the current labor code, which in the opinion if its leaders, is inflexible, excessively regulatory, and contains rigid dispositions regarding the minimum salary, job security, compensations, and a variety of social contributions that are "almost alien" to the country's reality.

It warned that small- and medium-sized companies, which make up 90 percent of the productive apparatus, will be the hardest hit and, as a result, will be adversely affected. This situation will ultimately harm any possibility of modernizing and restructuring local industries.

Feprinco President Cesar Avalos said: "We once again call on legislators to consider these aspects objectively and rationally, and urge them to design a labor code that will encourage social and economic development instead of slowing it down."

The Feprinco president stressed that the rate of economic growth has decreased; during 1992 it only was 1.7 percent. He stated that the slowdown is not purely accidental—prompted by adverse international prices or climatic circumstances—but that it is also due to structural difficulties.

He said that prospects for next year, however, look brighter because of the recovery—in volume and quality—of our most important agricultural products, which alone will not be enough to totally alleviate the country's great needs. He esti nated that next year the GDP will grow by 3.7 percent.

The report stresses that agriculture, in spite of the low productivity, continues to be the basic pillar of the country's economy and is possibly the single element that might encourage growth.

The Feprinco president believes the increase in the minimum salary that follows a cost of living increase will not solve the problem of the purchasing power of the workers.

According to yesterday's Feprinco year-end message: "An increase based on that variable alone merely increases the inflationary process, which has an immediate impact on workers' interests."

The report adds that minimum economic stability is absolutely necessary to inject dynamism to the productive apparatus and to improve productivity.

"Only then we will stop salary increases from being incorporated into consumer prices and we will increase the purchasing power of the workers, which is also in the best interest of the business community" the report adds.

Feprinco recognizes that the economic situation is not good at this time and that this can be clearly seen in the strong deterioration of our balance of trade which this year ended with a deficit of $500 million. The document says that the deficit is caused by the quantity, volume, and value of our exports and the increased volume of imported goods.

The report stresses: "Within this social and economic picture, entrepreneurs warn of the dangers of not defining a firm and adequate government economic policy."

In another part of the long message, the Feprinco president warns against revoking the successful anti-inflationary government policy. The document adds that inflation is resurging and it is presently estimated at around 20 percent because of the fiscal deficit.

The indications that inflation might increase in 1994—as a consequence of Central Bank short-term loans to the Finance Ministry to cover for delays in collecting Itaipu royalties and tax collections deficits—is seen as quite worrisome.

The report mentions that the dollar exchange rate has passed 1,800 guaranies per dollar and continues to rise. The report says that the reimplementation of the policy of bank discounts to finance agriculture exports; increases in utility rates, public transport fares, and salaries; and the imminent increase in oil-derived gasoline prices will negatively affect the national economic picture.

The report states that tax revenue will not cover expenditures and so the budget includes, among its revenues, resources from abroad in the form of loans and royalties.

The document stresses that the problem with that situation is that such resources are reportedly earmarked to finance "very expensive" current expenditures instead of being used to finance capital expenditures, when the advisable thing would be to use that money to finance infrastructure or to promote production.

The report warns that if the Finance Ministry uses Central Bank short-term financial credits to compensate for the shortfall arising from uncollected and overdue Itaipu royalties and did not repay them on time, it could create an inflationary process.

At one point in the year-end message, the Feprinco president stated that in spite of all its good intentions, the current administration is discharging its duties erratically.

He said he believes the appropriate conditions for solving the problems confronting the country go beyond achieving a mere macroeconomic balance. He said they should seek to modernize the agroindustrial sector and thus increase the competitiveness of our products on the international market.

The Feprinco president contended that agricultural producers must step up production, but to do so they need to be motivated by good returns and receive economic and technological support.

He said: "Industrialists need government support to defend domestic production—not by raising protectionist barriers that favor costly or inefficient industries, but by strengthening nascent industries."

The Feprinco president pointed out that businessmen should end the preferential tax treatment they receive and reduce costs by updating their productive techniques.

With regard to the industrial fund, the Feprinco report states that this is a long-standing demand of the sector made through the UIP [Paraguayan Industrial Union] and Feprinco. This project is in the initial stages and $300 million will reportedly be received in foreign aid to fund investments and to enlarge, complement, and streamline manufacturing industries.

The Feprinco president stated that the peasants' fund seeks, among other things, to reduce the cost of credit intermediation for agricultural producers who currently pay up to 90 percent in interest rates, to organize producers into cooperatives, and to create and strengthen intermediate rural organizations.

The Feprinco report states that although there are tax incentives for foreign investors, risk factors cancel the financial advantages. These risks include the lack of macroeconomic credibility and the lack of security with regard to respect for private property, the eradication of crime, and an independent and efficient judicial system.

Roundup of Economic Reports Through 6 Jan

PY0601212194

[Editorial Report] The following is a compilation of reports on economic activities in Paraguay monitored through 6 January.

On 30 December 1993, Central Bank President Jacinto Estigarribia Mallada reported that the Consumer Price Index increased 1.2 percent in December and the total inflation rate for 1993 was 20.4 percent. In 1992 and 1991 it was 17.8 percent and 11.8 percent, respectively. He also said the GDP registered a real increase of 3.7 percent and the trade balance deficit was $606 million. He added that net international reserves total $700 million, 15-percent higher than December 1992. He said the net balance of the foreign public debt was approximately $1.227 billion, a drop of 1.8 percent compared with 1992. (Asuncion ABC COLOR in Spanish 31 Dec 93 p 21)

On 4 January, the government announced the readjustment of public services rates. Electricity increased 16.6 percent; water, 40 percent; telephone bills, 44 percent; and the minimum salary, 15 percent. The official price of fuel was increased as follows: regular gasoline is now 760 guaranies per liter, a 14-percent increase; premium gasoline is now 840 guaranies per liter, a 10.5-percent increase; and gas oil is now 550 guaranies per liter, a 14.5-percent increase. (Asuncion ULTIMA HORA in Spanish 4 Jan 94 p 1)

Peru

Interior Minister on Possible New Terrorist Group

PA0601171794 Lima Global de Television Network in Spanish 0100 GMT 5 Jan 94

[From the "Global TV News" newscast]

[Text] Interior Minister Juan Briones Davila did not deny the existence of a small terrorist group in the country. He also announced the arrest of four alleged rebels accused of carrying out the attacks at the Lima Mayor's Office and the Air Force installations.

[Begin recording] [Briones] No, we cannot discount the possibility of another small group and—I repeat—a small group. We do recommend that they take the appropriate measures, because the terrorism law is very strict. I would not like anyone to claim later that we acted too drastically with them. At this time I think we should say—and I would like to end with this—that we will continue our counterterrorism operations. We want to finish this once and for all, arrest all those involved in the recent terrorist actions, and punish them with the full force of the law. We will keep working until we attain complete peace in the country.

[Unidentified reporter] Are any suspects under arrest?

[Briones] At this time we are still investigating. There have been a few arrests.

[Reporter] How many?

[Briones] We now have about four people in custody. They are important people within their organizations. We continue to investigate, and we expect to see some results soon.

[Reporter] Are these people members of Shining Path or the Tupac Amaru Revolutionary Movement?

[Briones] The people we have arrested are members of Shining Path. [end recording]

Defense Research Institute Chief Views Shining Path Future

PY0601234894 Lima EXPRESO in Spanish 29 Dec 93 p A16

[Interview with Peruvian Army Colonel Jose Bailetti, retired, president of the Institute for National Defense Research, Iniden, by Victor Andres Ponce; place and date not given]

[Text] [Ponce] How do you interpret the latest actions of the Shining Path [SL]?

[Bailetti] If one considers the letters of [SL leader Abimael] Guzman, which almost admit surrender, and reviews the last letter, signed by Abimael and four [SL]

Central Committee members, one can see that the terrorist group is obviously breaking into factions. Since this organization began its bloody war, the appearance of a dissident group represents an unprecedented move...

[Ponce] Who would be heading this dissident group?

[Bailetti] It could be that this group would be headed by Oscar Alberto Ramirez Durand (Feliciano) ["Comrade Feliciano"]...

[Ponce] Are there any clues in this regard?

[Bailetti] Police work will confirm this possibility.

[Ponce] Do the actions by the SL in Lima follow the activities of the four zonal committees?

[Bailetti] This is true. Following the capture of the SL top leaders, the terrorist group established four zonal committees in each one of Lima's cones [conos]. The SL actions in Ancash Department are also significant. Its December actions confirm this. Another group continues to be active in Satipo Province in the Ene Valley zone...

[Ponce] Are there any differences between the latest SL actions and those commanded by Guzman?

[Bailetti] The main difference is that today's SL people have diminished economic resources because they are no longer financed by drug traffickers. The Huallaga committee has been acting on its own for a long time. The Huallaga committee and the traffickers are currently moving toward the south of our country on the Aguaytia-Ene Valley axis.

[Ponce] From the way you describe the situation, Guzman has not been heeded by the majority of the militants who are free?

[Bailetti] This is not necessarily true. Some 180 SL militants killed three SL leaders and then surrendered under the Repentance Law in the Sello de Oro zone in Ayacucho Department.

[Ponce] What is your prognosis for the future of the SL?

[Bailetti] I believe it will break into three factions: The Huallaga militants, who are moving to the south as drug traffickers also move in that direction; those who will continue with their armed actions; and, finally, those who will obey Guzman's call.

[Ponce] So, what is the balance of the negotiations between the government and Guzman?

[Bailetti] There is no room for any negotiation here. We are facing a decimated, cornered, and penniless force. There is nothing to compare the situation that once prevailed in Colombia or El Salvador where negotiations were a national necessity.

Roundup of Economic Reports Through 6 Jan

PY0601211894

[Editorial Report] The following is a compilation of reports on economic activities in Peru monitored through 6 January.

The Inter-American Development Bank on 22 December 1993 agreed to a $100 million loan for projects to be implemented by the National Compensation and Social Development Fund. (Lima EL PERUANO in Spanish 23 Dec 93 p B1)

The Agriculture Ministry reported that agriculture and livestock production increased 9.6 percent in November compared with the same month last year. The accumulated production in the year's first 11 months was 5.4-percent higher than the same period last year. Agriculture production was 9.4-percent higher between January and November and livestock 2.2 percent. (Lima EL PERUANO in Spanish 23 Dec 93 p B3)

Foreign investment in 1993 was $1.557 billion, an increase of $265.01 million compared with 1990. The National Commission for Foreign Investments and Technology reported that the biggest increases were in mining with 35.28 percent, followed by industries with 32.73 percent, commerce with 13.21 percent, and finance with 11.10 percent. Foreign investment in the stock exchange went from $360 million in 1992 to $1.17 billion in 1993. (Lima EL PERUANO in Spanish 24 Dec 93 p A2)

On 28 December, the congressional Energy Committee approved a draft bill on privatizating the Peruvian Telephone Company, CPT, and the National Telecommunications Enterprise of Peru, Entelperu. The state decided to sell 20 percent of its shares in CPT and 15 percent of Entelperu. (Lima EXPRESO in Spanish 29 Dec 93 p A4)

Uruguay

Government Criticizes Employer-Labor Declaration

PY0601222194 Montevideo BUSQUEDA in Spanish 30 Dec 93 p 1

[Text] Government spokesmen last night harshly questioned the joint declaration signed a few hours earlier by the Uruguayan Chamber of Industries (CIU) and the Interunion Workers Plenum - National Workers Convention (PIT-CNT), saying that the organizations "seem to be speaking of another country."

A qualified Executive Branch source told BUSQUEDA: "It is remarkable that they should speak of unemployment when the unemployment rate is historically at its lowest (...), that they should speak of a lack of investment when for the past two years the investment levels have been at their highest for the past two decades (...), that

businessmen and union leaders should sign a joint declaration that contains many demands which contradict their own interests."

The CIU and PIT-CNT declaration states: "The industrial sector in Uruguay is being considerably dismantled," with the resultant "loss of dozens of jobs in the past few years," to the point where "industrial participation in national production has reached the levels of the 1940's."

Businessmen and union leaders questioned the government trade policy which seeks "a unilateral opening when protectionism and incentives for internal production are increasing in the rest of the world."

The government spokesmen stated: "The average unemployment rate in Uruguay during 1993 is 8.4 percent, the lowest since 1981," adding: "The jobs lost in some sectors were replaced in others."

As for the "lack of investment" mentioned in the declaration, the government says: "It is remarkable that the PIT-CNT—which is associated with the CIU—should speak of a lack of investment when on 13 December 1992 it contributed to frustrate one of the largest investments that could have been made in Uruguay."

The government considers the attitude of these two organizations to be contradictory because "they speak of improving the competitiveness, while some of the solutions they propose will really reduce the purchasing power of the workers."

The Executive Branch spokesmen said: "It is also remarkable that, just like on 13 December 1992, the workers oppose transformations that would help to improve the efficiency of public services, which could help to improve the competitiveness of the productive sectors."

Roundup of Economic Reports Through 6 Jan

PY0601223994

[Editorial Report] The following is a compilation of reports on economic activities in Uruguay monitored through 6 January.

The Central Bank reported that the balance of payments in the year's first nine months registered a $166.7 million profit, including a $313.3 million deficit in the current account and a $480 million surplus in the capital account. The Central Bank's net international reserves rose $197.4 million from January to September 1993. (Montevideo LA MANANA in Spanish 23 Dec 93 p 47)

On 22 December 1993, the Central Bank reported that the GDP increased 1.2 percent from January to September 1993 compared with the same period in 1992. Agriculture and livestock increased 1.2 percent; construction, 16.3 percent; trade, restaurants, and hotels, 8.0 percent; transportation and communications, 9.0 percent; and others, 3.7 percent. Fishing dropped 2.8 percent; manufacturing industries, 8.6 percent; and electricity and water, 6.6 percent. (Montevideo LA MANANA in Spanish 23 Dec 93 p 47)

On 27 December 1993, the Central Bank reported that the Uruguayan trade balance registered a $72.3 million deficit in November 1993 with exports at $134.7 million and imports at $207 million. The deficit totaled $686.9 million in the past 12 months, with exports at $1.593 billion and imports at $2.2798 billion. (Montevideo LA MANANA in Spanish 28 Dec 93 p 52)

The National Statistics Institute reported that the unemployment rate in Montevideo was 7.87 percent between September and November 1993. This rate is four percentage points higher than the previous quarter. (Montevideo LA MANANA in Spanish 31 Dec 93 p 47)

The Central Bank reported that the December devaluation rate was 2.0323 percent and the accrued devaluation rate for 1993 was 26.88 percent. (Montevideo LA MANANA in Spanish 3 Jan 94 p 28)

The Central Bank on 3 January reported that the public sector's net foreign debt was $1.8614 billion through 31 October 1993, a drop of 6 percent in the year's first 10 months compared with 1992. The public sector's gross foreign debt was $4.2046 billion in the year's first 10 months, an increase of 1.7 percent. Gross international reserves were $2.1787 billion through October 1993. The gross foreign debt in September was $4.2047 billion, a drop of $100,000. (Montevideo LA MANANA in Spanish 4 Jan 94 p 48)

The consumer price index was 3.67 percent in December compared with the same month in 1992 when it was 3.28 percent. The accumulated inflation rate was 52.86 percent in 1993; in 1992 it was 58.91 percent. (Montevideo LA MANANA in Spanish 4 Jan 94 p 4)

Inter-American Development Bank President Enrique Iglesias and President Luis Alberto Lacalle on 27 December 1993 signed a $38 million loan agreement to implement health projects in the Rincon de la Bolsa area, San Jose Department. Later they signed a $28 million loan agreement to improve the Labor University of Uruguay's technical education. (Montevideo EL OBSERVADOR ECONOMICO in Spanish 28 December 93 p 4)

Venezuela

Velasquez on Security, Social Problems

PA0601191794 Caracas EL GLOBO in Spanish 3 Jan 94 p 2

[Article by Paola Badaracco]

[Text] President Ramon Jose Velasquez granted a news conference yesterday and said the 1994 budget should consider the urgent needs of the security corps. "It is necessary to increase the number of security corps and to

supply them with resources that this critical situation demands. I am talking about transportation units and all other requirements of the service."

He explained that measures are being taken to control the possession of weapons. He noted that both legal and illegal weapons sales have increased at an alarming rate recently and said that the weapons go to the most densely populated, poorest areas; that is, to the neighborhoods.

He described weapon control measures and noted that they must be part of an ongoing program, just like everything else involved in security.

The president reported that the National Security and Defense Council will be installed this afternoon and that the Rural Security Council will meet tomorrow to discuss the border security problem.

Velasquez said the meetings will be attended by governors from the border states, livestock owners associations, and officials from the various ministries and offices related to the livestock sector.

The president stated: "Efforts to make life and work in that large area more secure are important and cannot be delayed."

Velasquez said Colombia takes very much the same view, and that is why the Colombian Government has expressed through its highest authorities its interest in reaching an agreement on the matter.

Velasquez appeared optimistic. He said that in the next few weeks Colombian authorities will make reinforcements on their side of the border a fact.

Regarding life in the poor sectors, the president said he will hold talks this week to establish the nature of the social problem, which he is sure the next government will inherit.

He noted: "When one sees a bus loaded with 80 young people arriving at a court so they can stand trial, one must realize that the state did not do a thing to help them when they were children."

The president believes that the situation of poor children who live in heavily populated areas must be improved.

He added: A program in this regard must be initiated because repression is useless. He added: The social sector of my government wants to set the basis for actions to modify public education.

As an example the president mentioned private organizations, including religious ones, that do educational work in these zones and achieve very positive results. Their work is somewhat different from that of public education.

The president said he wants to propose this reform. He noted that in Merida State an extraordinary project called integral education has been implemented. The project was set in motion by Antonio Luis Cardenas, former rector of the Libertador Pedagogic School.

He said that this program takes into consideration economic limitations and the need to guide the young toward learning some trade capable of furnishing them with a practical tool with which to face life.

According to the president, the fundamental idea is to start this program with children and to have morning and afternoon classes so they have food assistance throughout the day.

Regarding pardons, President Velasquez said he is studying a new list and will release the names this week. He again asked those who are still outside the law to return to justice.

In addition, Velasquez said he is working on Colonel Iginio Castro's return from Quito. Castro is seriously ill. The defense minister wants to transfer Castro to the Caracas Military Hospital and take other steps later.

The president recalled that in his salute to the Armed Forces and in several statements, he has always asked the leaders and other persons involved in the coup attempts to legalize their status.

Velasquez said: I did so in Los Proceres Avenue during the ceremony to salute the National Armed Forces. I asked the officers who are in Lima to return and to do so with the assurance that there is a complete legal state.

Velasquez believes that the time is right because the grounds for an agreement have been set with the elected government.

He said: Of course it is the right time, under the country's current state of law and with the guarantees granted by the Constitution.

Regarding the situation of some officials under arrest due to the notorious El Amparo case [border massacre], he admitted that pardons are being reviewed and that 12 persons are involved.

In his statements, Ramon J. Velasquez referred to relations between his government and President-elect Caldera, describing them as cordial as there has been a flow of information on all public administration aspects through Julio Sosa Rodriguez, the liaison.

"He, in turn, has a group of individuals who help coordinate the transfer of power. For example, there is Nepomuceno Garrido in the Labor Ministry, Maria de Guzmas in Family, Elba Ruiz in Education, Jose Ignacio Moreno Leon in Privatization, Roberto Centeno in Transportation, and Gustavo Rodriguez Amengual in Environment, to name a few. In the office of the Secretariat of the Presidency Ministry, we have Andres Caldera, Fernando Egana, and Fernando Febres Cordero," Velasquez said.

Asked about his meeting with President Caldera, Velasquez replied that he went to speak about the IVA [value-added tax] and that the situation has been clarified.

Velasquez stressed that Sosa Rodriguez is satisfied because modifications made to the first report by Caldera's economic team were taken into account.

"Thus, as Sosa Rodriguez says, the text that was published fulfills the suggestions made. There is a 15-percent increase for luxury items and greater exemptions for basic food basket items, medical products—pacemakers, prosthesis and other items, plus land, maritime, and air transportation," said Velasquez.

In his first meeting of 1994 with media representatives, Velasquez sent Venezuelans and all others living in the country his cordial greetings for the New Year, his good wishes, and his wish that the country consolidate its march, mainly for social and political peace, for economic development, for cultural and scientific advancement, and for the affirmation of traditional positive Venezuelan values.

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